

This is a digital copy of a book that was preserved for generations on library shelves before it was carefully scanned by Google as part of a project to make the world's books discoverable online.

It has survived long enough for the copyright to expire and the book to enter the public domain. A public domain book is one that was never subject to copyright or whose legal copyright term has expired. Whether a book is in the public domain may vary country to country. Public domain books are our gateways to the past, representing a wealth of history, culture and knowledge that's often difficult to discover.

Marks, notations and other marginalia present in the original volume will appear in this file - a reminder of this book's long journey from the publisher to a library and finally to you.

Usage guidelines

Google is proud to partner with libraries to digitize public domain materials and make them widely accessible. Public domain books belong to the public and we are merely their custodians. Nevertheless, this work is expensive, so in order to keep providing this resource, we have taken steps to prevent abuse by commercial parties, including placing technical restrictions on automated querying.

We also ask that you:

+ *Make non-commercial use of the files* We designed Google Book Search for use by individuals, and we request that you use these files for personal, non-commercial purposes.

+ *Refrain from automated querying* Do not send automated queries of any sort to Google's system: If you are conducting research on machine translation, optical character recognition or other areas where access to a large amount of text is helpful, please contact us. We encourage the use of public domain materials for these purposes and may be able to help.

+ *Maintain attribution* The Google "watermark" you see on each file is essential for informing people about this project and helping them find additional materials through Google Book Search. Please do not remove it.

+ *Keep it legal* Whatever your use, remember that you are responsible for ensuring that what you are doing is legal. Do not assume that just because we believe a book is in the public domain for users in the United States, that the work is also in the public domain for users in other countries. Whether a book is still in copyright varies from country to country, and we can't offer guidance on whether any specific use of any specific book is allowed. Please do not assume that a book's appearance in Google Book Search means it can be used in any manner anywhere in the world. Copyright infringement liability can be quite severe.

About Google Book Search

Google's mission is to organize the world's information and to make it universally accessible and useful. Google Book Search helps readers discover the world's books while helping authors and publishers reach new audiences. You can search through the full text of this book on the web at `http://books.google.com/`

Econ 828.2

Bound

JUL 2 1909

Harvard College Library



FROM THE

SUBSCRIPTION FUND

BEGUN IN 1858







LABOR AND CAPITAL

LIST OF CONTRIBUTORS

1. Rev. W. D. P. Bliss
2. Hon. John C. Chase
3. E. E. Clark
4. Prof. John Bates Clark, LL.D.
5. Ernest Howard Crosby
6. Henry Davies, Ph.D.
7. James B. Dill
8. W. L. Douglas
9. Otto M. Eidlitz
10. Walter Fieldhouse
11. Martin Fox
12. Cardinal Gibbons
13. Prof. Nicholas Paine Gilman, D.D.
14. Charles Buxton Going
15. Samuel Gompers
16. Bolton Hall
17. J. Kier Hardie, M.P.
18. Thomas J. Hogan
19. George C. Holt
20. H. W. Hoyt
21. Hon. Samuel M. Jones
22. Daniel J. Keefe
23. John Brooks Leavitt
24. Henry Demarest Lloyd
25. Hugh H. Lusk
26. John McMackin
27. John Mitchell
28. N. O. Nelson
29. William Richmond Peters
30. Eltweed Pomeroy
31. Rt. Rev. Henry Codman Potter, D.D.
32. Warren A. Reed
33. Conrad Reno
34. James Bronson Reynolds
35. Jacob August Riis
36. Frank P. Sargent
37. John M. Stahl
38. William T. Stead
39. Anson Phelps Stokes
40. Rev. Josiah Strong, D.D.
41. William H. Tolman, Ph.D
42. Hon. John De Witt Warner
43. Everett P. Wheeler
44. Henry White
45. Carroll D. Wright

Questions of the day. 98.

Labor and Capital

A Discussion of the Relations of Employer and Employed

Edited, with an Introduction
by
John P. Peters, D.D.

G. P. Putnam's Sons
New York and London
The Knickerbocker Press
1902

on 828.2

HARV...
JAN 8 1903
LIB...RY.
Subscription Fund

COPYRIGHT, 1902
BY
G. P. PUTNAM'S SONS

Published, May, 1902

The Knickerbocker Press, New York

CONTENTS

PAGE

INTRODUCTION BY REV. JOHN P. PETERS, D.D. ix

I. GENERAL QUESTIONS . . . 1

a. How shall labor and capital be reconciled?

Henry Davies, Ph. D., Lecturer on the History of Philosophy in Yale University 3

b. Are the interests of employer and employed mutual, and, if so, how can this mutuality of interests be made effective?

Rev. Josiah Strong, D.D., President of the League for Social Service, author of "Our Country," "The New Era," etc. . 13

II. COMBINATIONS OF EMPLOYERS AND EMPLOYED—ARE THEY MUTUALLY BENEFICIAL? . 23

a. Are so-called trusts or giant incorporations beneficial to employed as well as to employer? How?

b. Are Labor Unions beneficial to employer as well as to employed? (Suggestions how they might be made beneficial or more beneficial.)

Contents

PAGE

I. TRUSTS:

(1) John Bates Clark, Ph. D., LL.D., Professor of Political Economy in Columbia University, author of "The Distribution of Wealth," "Capital and Its Earnings," "Philosophy of Wealth," etc. . 27

(2) James B. Dill, Lawyer . . 32

(3) Anson Phelps Stokes . . 44

(4) William Richmond Peters, Merchant 50

Consult also articles of Gompers, White, Holt, Warner, Wright, Fieldhouse, Gilman, Pomeroy, Hardie, Chase, Bliss, and Crosby.

II. LABOR UNIONS:

(1) James Bronson Reynolds, Headworker in University Settlement, Secretary to Mayor of New York 55

(2) Samuel Gompers, President of American Federation of Labor . 62

(3) Daniel J. Keefe, President of the International Longshoremen's Association 75

(4) Henry White, General Secretary of the United Garment Workers of America 80

Consult also articles by J. B. Clark, Stokes, Holt, Leavitt, Warner, Fieldhouse, Stahl, Eidlitz, Hoyt, Douglas, Fox, Gilman, Bliss, Crosby, and in appendix, Mitchell.

PAGE

III. TRUSTS AND LABOR UNIONS FROM A LEGAL ASPECT . . 91

a. Control of trusts.

b. Is it necessary or desirable that labor unions be incorporated to make them legally and financially responsible for contracts and agreements?

c. Could labor unions if incorporated rely upon fair treatment from the courts? (How about methods of legal procedure; "government by injunction"; legal delays which put the capitalist at such an advantage as to amount to the denial of justice to the laborer, etc.)?

d. What rights, if any, moral or legal, has the workman in the plant of the work (comparable, for instance, to tenants' rights in land under British legislation in Ireland)?

(1) George C. Holt, Lawyer . . 95

(2) John Brooks Leavitt, Lawyer . 110

(3) Hon. John De Witt Warner, Lawyer and former Member of Congress 119

Consult also:

(*a*) *Articles of Dill and Stokes.*

(*b*) *Articles of Keefe, Lloyd, Mitchell, Eidlitz, Douglas, Gilman, and in appendix, Mitchell.*

(*c*) *Article of Lusk.*

(*d*) *Article of Mitchell in appendix.*

PAGE

IV. CONCILIATION AND ARBITRATION 127

a. General plea for arbitration.

b. Is compulsory arbitration, enforced by law, desirable, and if so, under what conditions?

c. How can voluntary arbitration in case of labor disputes be made effective?

I. GENERAL PLEA FOR CONCILIATION AND ARBITRATION:

(1) Rt. Rev. Henry Codman Potter, D.D., D.C.L., LL.D., Bishop of New York, author of "The Scholar and the State," "Relations of Science to Modern Life" 133

(2) His Eminence, James, Cardinal Gibbons, Archbishop of Baltimore, author of "Our Christian Heritage," etc. 140

II. VIEWS OF SPECIALISTS:

(1) Warren A. Reed, Chairman of Massachusetts Board of Conciliation 143

(2) Carroll D. Wright, United States Commissioner of Labor Statistics 153

(3) John McMackin, New York State Labor Commissioner . . . 161

(4) Charles Buxton Going, editor of "The Engineering Magazine" . 168

PAGE

III. COMPULSORY ARBITRATION (FAVORABLE VIEW):

(1) Walter Fieldhouse, Secretary and Treasurer of the Association of Western Manufacturers . . 179

(2) Henry Demarest Lloyd, author of "Wealth against Commonwealth," "Newest England," "A Country without Strikes," etc. . 185

(3) Conrad Reno, LL.B., author of "The Law of Non-Residents," "State Regulation of Wages," etc. 200

(4) Hugh H. Lusk, former member of New Zealand Parliament . 221

Consult also article by Holt.

IV. COMPULSORY ARBITRATION (UNFAVORABLE VIEW):

(1) E. E. Clark, Grand Chief Conductor, Order of Railway Conductors 238

(2) John Mitchell, President of the United Mine Workers of America 245

(3) John M. Stahl, editor of "Farmer's Call," and Secretary of Farmers' National Congress . . 252

Consult also articles by Gompers, Wright, Douglas, Hogan, Fox, and in appendix, Adams and Gompers.

V. VOLUNTARY ARBITRATION AND CONCILIATION (VIEWS OF EMPLOYERS):

(1) Otto M. Eidlitz, President of Mason Builders' Association . 259

PAGE

(2) H. W. Hoyt, President of National Founders' Association . 268
(3) W. L. Douglas, Manufacturer, Brockton, Mass. 275
(4) Thomas J. Hogan, General Secretary of the National Association of Stove Manufacturers . . 280

VI. VOLUNTARY ARBITRATION (VIEWS OF EMPLOYED):

(1) Martin Fox, President of Iron Moulders' Association of America 287
(2) Frank P. Sargent, Grand Master of Brotherhood of Locomotive Engineers 299

Consult also articles by Gompers, E. E. Clark, and Mitchell.

V. MODEL INDUSTRIES 305

a. Profit and Stock-sharing.
b. Co-operation.

I. FAVORABLE VIEWS:

(1) William H. Tolman, Ph.D., Director of the Industrial Department of the League for Social Service, author of "Industrial Betterment" 309
(2) William T. Stead, editor of the "Review of Reviews" . . 323
(3) Nicholas Paine Gilman, D.D., Professor of Sociology in the Meadville Theological Seminary, author of "Socialism and the

PAGE

American Spirit," "Profit Sharing," "Dividend to Labor," etc. . 330

(4) N. O. Nelson, Manufacturer, of St. Louis, Mo., and Leclaire, Ill. 344

II. UNFAVORABLE VIEWS:

Eltweed Pomeroy, Manufacturer, Newark, N. J., author of numerous articles on the "Initiative and Referendum," editor of "Direct Legislation," etc. . . . 353

Consult also under both I. and II. articles by Hardie, Jones, Chase, and Bliss.

VI. SOCIALISM AND SINGLE TAX . 359

(1) J. Kier Hardie, M.P. . . . 363

(2) Hon. Samuel M. Jones, Mayor of Toledo, O. 369

(3) Hon. John C. Chase, former Mayor of Haverhill, Mass. . . 374

(4) Rev. W. D. P. Bliss, President of Social Reform League of America, Secretary of Civic Council of New York, editor of "Cyclopedia of Social Reform," former editor of "The Dawn" and "The American Nation" 378

(5) Bolton Hall 388

(6) Ernest Howard Crosby, President of Civic Council of New York, author of "Plain Truths in Psalm and Parable," etc. . . . 400

Consult also article of Warner.

PAGE

VII. THE UNEMPLOYED 415

a. Is permanent work with comfortable living wage possible for all in this country?

b. How may work and workers be brought together?

(1) Everett P. Wheeler, Lawyer, President of the East Side Settlement House 419

(2) Jacob August Riis, author of "How the Other Half Lives," "Making of an American," etc. 425

APPENDIX 433

a. Letter of Charles Francis Adams on Arbitration 433

b. Article of John Mitchell on Recognition of Trade-Unions 440

c. Extracts from address of Samuel Gompers on Arbitration 448

INDEX 459

INTRODUCTION

THE extraordinary development of manufacturing industries in recent years and the increasing tendency toward the consolidation of those industries in vast combinations and corporations, together with the almost commensurate growth of labor organizations, has rendered labor disturbances a national danger. In the industrial sphere we have reached, or are fast reaching, a period of concentration and high organization similar to that attained in the political world. Wars were once almost the avocation of nations. Europe was never free from wars, conducted often on frivolous pretexts between some of its numerous kingdoms and principalities, but sometimes embroiling large areas. This was the normal condition of society. Gradually, with the development of industries and the increase of wealth, new conditions arose. Great nations took the place of small. War assumed constantly more formidable proportions and entailed ever greater sacrifices. The science of arms developed. More deadly weapons were invented. Armaments were increased. Finally the military organization of whole nations took the place of temporary levies. And this very perfection of military and national organization began to put a stop to war. It had become

too costly, too destructive. Not that hostility between nation and nation has come to an end. They stand one over against the other, armed to the teeth, and the world trembles with apprehension of the outbreak of a war more terrible than any known heretofore. But just because war has become so terrible each hesitates to break the peace for fear of the disastrous consequences to itself which may ensue; and the disinterested nations, when war is threatened, hasten to put pressure upon the parties to the dispute to bring about a reconciliation, for, after all, they are themselves far from disinterested, since in the event of war they too will suffer by the loss of markets in which to buy or sell, and it may well be that they also will become embroiled.

A somewhat similar condition we have almost reached in the industrial world. Employers and employed stand over against one another in great organizations, a conflict between which may mean national disaster, as we have learned from the experience of England in the strike of the engineering trades in 1897, which cost her her industrial supremacy. Thorough organization of both sides in great masses renders war between employers and employed less common, but if it does come it is vastly more disastrous. And there are two sides, well trained, well organized, which can be mobilized almost at a moment's notice. Who can tell what spark may inflame passion and kindle a conflict more costly than any hitherto known? The attitude of employers and employed toward one another has become a matter of supreme national importance.

How can we render conflict impossible? How can we bring employers and employed together in relations of permanent and stable peace and co-operation?

GENESIS OF THE BOOK.—It was the threat of a great national disaster which might develop out of the conflict between the United States Steel Corporation and the Amalgamated Association of Iron, Steel, and Tin Workers in the summer of 1901 which was the initial cause of this book. In the heat of that conflict, as the result of some preliminary correspondence the Bishop of New York addressed the following letter to Mr. Hearst:

HAWK ISLAND, LAKE PLACID, N. Y., Aug. 20, 1901.

W. R. HEARST, Editor the *N. Y. American* and *Journal*:

MY DEAR SIR:—It would take a volume to answer the long list of questions which the present labor situation has brought forth, and when they were answered what would they be but truisms in the labor controversy, *e. g.*, "That employers should make concessions, that violence should be avoided, that arbitration should be employed," etc.?

I confess the gravest question seems to me to be, "*How can working men and employers be helped to a better understanding of their mutual interests, and, indeed, even before that, of the fact that their interests are mutual?*"

There is something infinitely pathetic in the effort of Mr. Shaffer and his confrères to "play politics" in outwitting the corporations.

It is all so futile and mischievous, and instead of encouraging it and lending itself as it is constantly doing to inflame class hatreds, would it not be worth while for

the press to try and educate the ignorant to some intelligent understanding of social problems?

A symposium of clever men discussing the question of wages, common ownership of plants, land—anything to make the people "think," is what is wanted.

If you would print chapter by chapter such a book as Mallock's *Labor and the Popular Welfare*[1] and then get such men as Mr. Crosby or Mr. Gompers or some others to undertake to discuss it, then a newspaper would be doing real good.

The communication from Mr. Charles Francis Adams[2] to which you call my attention is admirable—so far as it goes—and his suggestion that there should be somewhere a commission or court of appeal in the realm of our social economy where differences between employers and working men should go, and that by common consent, born of a sound public opinion—which, if I understand it, is in substance the burden of Mr. Adams' communication—is altogether excellent.

Unfortunately the difficulty lies further back. You must, first of all, provide somehow "a sound public opinion."

If, on one hand, we have large indifference, commercial greed, impatience of any other considerations than those involved in the doctrine of demand and supply, and if, on the other, you have the resentment provoked by real or fancied wrongs, imperfect apprehension of fundamental economic truths, exaggerated estimates of the value of particular specifics for the cure of existing conditions, or blind and unreasoning devotion to a particular leader, you have hardly the elements for

[1] "Or better yet, Mr. Henry Wood's *Political Economy and Humanism*."—Extract from later letter.

[2] Printed in the appendix.

making "sound public opinion." And yet, if you are to avail yourself of them, you have them at hand.

The press, which you must pardon me for saying in all frankness, has not always, in seeking to befriend labor, really been eager to serve its best interests, must here make the inexorably necessary beginning by refraining from exaggeration and discouraging heated speech. To inflame passion, to pervert facts, to withhold qualifying considerations which sometimes alter the whole aspect of a particular question, these are methods for the poorer and least creditable type of a jury lawyer perhaps, but they are not those of a great public teacher and enlightener, such as a newspaper of the first class should be.

I do not need to be told at this point that the sensational policy is usually most effective for selling a newspaper, but I think it would be worth while for the press, even from a purely commercial point of view, to consider whether a policy which inflames the popular judgment, but does not enlighten it, may not involve in its consequences destructive forces which do not discriminate as to where they strike, and which, in pulling down, like Samson, the structure of which they are a part, perish with their enemies in its ruins. Surely there is some better way than that, and surely it is worth while for the press to try and find it out.

If you can secure, therefore, as already mentioned, the aid of competent minds representing the different points of view on the labor question in its largest aspect, and if they are willing to discuss it without prejudice and without invective, two results at least may be obtained—a large group of facts, now little recognized, will be brought into view, and all reasonable men, of whatever calling or theory, will be constrained to own, first, that

there is no single short-cut, patent-applied-for remedy for a situation so complex; and second, that along lines of mutual consideration and concession that solution is not to be dismissed as impossible.

To lead men to "think" and "know," not to shout or to shriek or to strike, that is the best service you can render. For then, when the time comes that they must both shout and strike, they may hope to do so to some purpose.

Sincerely yours,

HENRY C. POTTER.

Mr. Hearst decided to adopt very literally Bishop Potter's suggestion, and to make the experiment of a symposium in the great daily papers controlled by him, *The American* and *Journal*, of N.Y., Hearst's *Chicago American*, and *The Examiner*, of San Francisco, on the subject *How can Labor and Capital be Reconciled?* At Bishop Potter's suggestion I was asked to organize and conduct this symposium. It began with the publication of Bishop Potter's letter, August 25, 1901, and continued, with some interruptions, occasioned by the assassination and death of our President, until November 3d, covering more than fifty large newspaper pages. College professors, national and State officials, ecclesiastics, lawyers, philanthropists and reformers, men of affairs and labor leaders, responded readily to my requests for contributions, and so ably that from all sides came a demand for these papers in a more permanent form than the columns of a daily paper. Hence this volume.

QUESTIONS ASKED AND ANSWERED.—As Bishop

Potter had said in his letter: "I confess the gravest question seems to me to be, 'How can working men and employers be helped to a better understanding of their mutual interests, and, indeed, even before that, of the fact that their interests are mutual?'" I addressed to each contributor, first of all, the general question: "Are the interests of employer and employed mutual, and, if so, how can this mutuality of interest be made effective?" In accordance, also, with Bishop Potter's suggestion, Mallock's *Labor and the Popular Welfare* was printed in the symposium chapter by chapter (in substance), with a view to eliciting discussion. It certainly accomplished its purpose so far as drawing correspondence from all parts of the country was concerned; but does not appear to have affected in any way the regular disputants. Further, one or more special questions were addressed to each contributor. Consequently the articles in this book have, as a rule, two parts, one which deals with the general questions of the reconciliation of labor and capital, as in the title of the symposium, and the mutual interests of employer and employed; and one which deals with certain specific questions. Those questions, as originally propounded, were as follows:

1. Are so-called trusts or giant incorporations beneficial to employed as well as to employers? How?

2. Are labor unions beneficial to employers as well as to employed? (Suggestions how they might be made beneficial or more beneficial.)

3. Is it necessary or desirable that labor unions

be incorporated to make them legally and financially responsible for contracts and agreements?

4. Could labor unions, if incorporated, rely upon fair treatment from the courts? (How about methods of legal procedure; "government by injunction," legal delays which put the capitalist at such an advantage as to amount to denial of justice to the laborer, etc.?)

5. Is compulsory arbitration, enforced by law, desirable, and, if so, under what conditions?

6. How can voluntary arbitration in case of labor disputes be made effective?

7. Does the laborer receive his fair share of the joint product of labor and capital (in view, for example, of the immense increase of earning power through use of machinery)? How are the relative shares of capital and labor to be apportioned?

8. To what extent can, in your judgment, the apparently conflicting interests of capital and labor be unified through profit sharing?

9. Results of experience in so-called model industries.

10. Socialist standpoint. Single tax.

11. Is our present tariff (in general) beneficial to (a) the manufacturer, public carrier, and in general the employer (does it foster trusts?—is this good or bad?); (b) the workman, the employed (does it increase his effective wage?)?

12. Is permanent work with comfortable living wage possible for all in this country? How may work and workers be brought together?

13. What rights, if any, moral or legal, has the

workman in the plant of the work (comparable, for instance, to tenants' rights in land under British legislation in Ireland)?

Of these questions, number 11, dealing with the tariff, was afterwards withdrawn, because, although it seemed to me eminently pertinent to the general topic, nevertheless there was danger that its discussion would savor too strongly of politics more narrowly so-called. It had, however, already been answered briefly by Messrs. Warner and Crosby, and is traversed also in the articles of Messrs. Peters, Fieldhouse, and Hall; but as it is only briefly alluded to by these writers, and not discussed at any length, no division has been allotted to it in this book. Similarly, question 7, as to the relative shares of capital and labor, has been dropped, because, although of great importance, no one seemed ready to attempt anything like a definite answer or even discussion of it in that form. It is referred to in the papers of Messrs. Stokes, White, Warner, and Crosby, and is treated indirectly by many others. Indeed it may be said that the belief that the laborer does not receive his fair share in the division of profits, as it lies at the base of trade unionism, affects all the papers of the labor men, and not a few also of those who are not labor men, in this volume. It seemed to be the general opinion that the condition of the laborer was improving, although probably not in proportion to the increase in wealth. Some stated definitely that the laborer does not receive his proportionate share of the joint production of labor and capital.

The second part of the question may be said to be answered from various points of view in the papers on trades unions, arbitration, profit and stock sharing, co-operation, model industries, socialism, and single tax. The question as a whole, therefore, has no special division allotted to it in the arrangement of the book.

Question 13, as to the legal or moral rights of the workman in the plant of the work, may occasion some surprise. A belief in such moral right, at least, underlies the positions of the socialist and, to some extent, the single-taxer, and has led to various practical experiments in profit and stock sharing, co-operation, and the like. A similar idea influences more or less consciously the general attitude of not a few reformers and of a large part of the laboring men. An article by one of the latter class, John Mitchell, President of the United Mine Workers of America, in *The Independent* of August 15, 1901 (printed for reference in the appendix), came so near to formulating this position of the moral right of the workman in the plant, from the laborer's point of view, that I was led to propound the question directly for discussion. In the arrangement of the book I have included it under the division treating of the legal aspect of trusts and labor unions.

COMPOSITION AND ARRANGEMENT. — Of the papers used in the original symposium two, contributed by Cardinal Gibbons and President Hadley, are not reproduced here. While authorized for use in the symposium by the writers, and pertinent to

the discussion, both had already appeared in book form. A contribution by myself, in the nature of a sermon, has also been omitted. The other articles contained in the symposium, with the exception of four, the authors of which were practically inaccessible, were afterwards returned to the writers for revision and correction with a view to permanent publication. In a few cases the original articles have been entirely rewritten. In most cases the changes from the original form are relatively slight. Only one of the articles in this book, that of Mr. Dill, was not published in the original symposium, having arrived too late for use. This article, constituting the body of an address delivered before the Merchants' Club in Chicago, has been revised by the author for the present publication. The brief article by Cardinal Gibbons on arbitration appeared originally in *The Independent*. Mr. Peters' article on "The Benefits of Trusts" was first published as a letter in the New York *Times*, but has been enlarged and somewhat changed by the writer. The articles on arbitration by Messrs. Fieldhouse, Lusk, E. E. Clark, Mitchell, Stahl, Douglas, Hogan, Fox, Keefe, Reed, Going, Hoyt, and Sargent were prepared originally for the Arbitration Conference of the National Civic Federation, held in Chicago in December, 1900. These papers were about to be published in the shape of a report of the Conference at the time when the symposium was organized. As they covered two of my questions, I solicited their use for the purpose of the symposium, from Mr. Ralph M. Easley, Secretary of

the National Civic Federation. With the consent of their authors my request was granted, with the view of giving that discussion on arbitration the widest possible circulation. Afterwards the papers were again revised by the authors (with the exception of one paper, the author of which could not be reached) for publication in this volume. The division on arbitration may, therefore, be regarded as in a sense a substitute for the omitted report of the Conference on Arbitration of the National Civic Federation. I desire to make this special announcement of the provenance of these articles as some small recognition of the peculiar courtesy shown me both by their authors and also by the Secretary of the Federation.

In arranging this material for permanent publication I have retained the questions originally asked, as necessary to a proper understanding of the point of view of the writer, but re-arranged them under general groups. Not a few of the articles deal with two or more of these questions. As it is of course impracticable to reprint them under each several division, or to divide them into sections according to the topics treated, they have been printed under that division to which they seem primarily to belong and referred to under the other divisions the themes of which they discuss. For convenience of reference mention is made at the close of each division in the table of contents of other articles dealing with the same topic; and still further to facilitate reference, a brief synopsis of the contents of all articles except those in the general division

has been prefixed to their respective divisions of the book.

SUMMING UP.—It is not to be expected, of course, that any such discussion will settle everything, or that conclusive answers can be given to most of the questions asked, but the general agreement, amounting to unanimity on certain points, and the trend of opinion on others are so interesting, and, as it seems to me, so important, that I shall venture to endeavor briefly to sum up some points of the discussion. In the first place it should be noted that the contributors to this volume represent not only economists and reformers, but to an even larger extent employers and employed, and the utterances especially of the latter may be regarded as an authoritative expression of the opinions of the working men comprised in what is commonly known as "organized labor," *i. e.*, the mass of the more intelligent working men of the country. There is not quite the same sort of organization, nor the same consensus of opinion among the employers; but the views here presented are probably a fair expression of the opinion of the more thoughtful and broad-minded employers of labor.

TRUSTS.—Even two short years ago there was an almost universal popular outcry against so-called trusts, which made itself felt in a great deal of attempted and some actual hostile legislation. Part of this outcry came or was believed to come from laboring men. There is very little of that feeling shown in the articles in this book, and what little there is comes exclusively or almost exclusively

from the socializing or socialistic writers, although by no means from all of these, since some of them welcome trusts as a stepping-stone to State control. There is still, however, the fear of monopoly through trusts, and this seems to some of the best thinkers a grave danger. Other more immediate dangers are the interference of trusts in politics and fraudulent or fictitious capitalization, issue of stock, and so forth, which render urgent a supervision and control of trusts similar to that employed in regard to banks and insurance companies, and in some States railroads. The giant incorporation may be and is beneficial to the community at large in reducing prices, and to its own laborers in raising wages, provided it does not succeed in destroying competition, is honestly and efficiently managed, and is the creature, not the master of government.

LABOR UNIONS. — On the benefits of labor unions to their own members both in raising wages and also as an educative force there has never been any serious difference of opinion; but it has often been contended that labor unions are the natural enemies of employers, and even that they are a source of injury to the community at large. Nothing has been published which shows more conclusively the change of opinion which has taken place in this regard than the articles in this volume. There is absolute unanimity with regard to the value of labor unions to the employers and the community at large, as well as to their own members. Employers assert, in the most emphatic way, the importance to the employer of strong labor

unions with which to deal, and economists feel that a blow to trade unionism would be a blow to business. But it is pointed out that there are faults and dangers in trade unionism, the danger of attempted monopoly on one side, and of disregard of law and disregard of agreements and financial irresponsibility on the other. Disregard of law has resulted in violence in connection with strikes, which has in its turn led to that use by the courts of injunctions which has given rise to the phrase "government by injunction." This system of legal procedure is unequivocally condemned by lawyers and economists, as well as by labor men, as unnecessary, demoralizing, and inherently illegal. It is shown that the ordinary processes of law, adequately and honestly administered, are sufficient to meet the needs of the situation both as regards strike violence and also, probably, as regards responsibility for fulfilment of agreements, without resort to such arbitrary methods. Such methods aggravate that distrust of the courts, the existence of which among laboring men is made clear in these articles. This distrust of the courts makes itself felt, among other things, in the objections of labor unions to incorporation, and in their opposition to anything approaching compulsory arbitration, that is agreement to submit disputes to arbitrators whose decisions can be enforced.

ARBITRATION.—It is the matter of arbitration to which the greatest amount of space has been allotted, because of its peculiarly practical character, as an immediate means of settling labor disputes, and bringing employed and employers together. The

arguments here presented for compulsory arbitration, that is, for some legal mode of making and enforcing a settlement between employers and employed in case of labor troubles, are very strong, and do not seem to us to be fully met by the other side. It is, however, clear from this discussion that whatever the future may have in store, the times are not now ripe for the adoption of such methods in any form (except possibly in Massachusetts, which seems to be generally more advanced in its treatment of industrial problems than the rest of the country). One cause of this distrust of governmental arbitration is the belief that the State or national courts of arbitration would be in politics. This belief is in general the result of experience with our present State boards of mediation, conciliation, and arbitration. Let the angel Gabriel be appointed chairman or member of a State board of conciliation or arbitration because he is a Republican or a Democrat and the usefulness of that board is minimized if not utterly destroyed. Added to this distrust of official boards resulting from the belief in their political character, is the further unfortunate belief among working men, resulting in part from the practice of the so-called "government by injunction," that all official courts and boards are liable to be controlled or manipulated in the interests of "capital" against "labor." But it should be noted that in point of fact employers seem to be almost as much opposed to enforced arbitration and official boards as are their employees.

Both sides, however, clearly recognize the need

of some method of adjusting their differences other than strikes and lockouts. The generally approved plan is trade conferences and agreements, and trade boards of conciliation and arbitration. Here some would stop, believing that matters which could not be settled by these means could not and should not be settled by reference to outsiders as arbitrators or umpires. The general opinion of both sides seems to be in favor, however, of going a step further, and referring matters which cannot be settled by trade conferences or trade boards of conciliation and arbitration to outside umpires or arbitrators. Sometimes the State boards are utilized for this purpose, but unfortunately, as already noted, they do not in general seem to command the necessary respect and confidence of both employers and employed.

CHURCH ARBITRATORS.—This has led to various endeavors to meet the needs of the situation by creating a permanent board of voluntary mediators and arbitrators, who shall keep in touch with industrial conditions and offer and afford to both sides an impartial tribunal, with public opinion behind it, through which to settle their differences.

A few years since the "Church Association for the Advancement of the Interests of Labor" organized such a board or committee in New York City, unsectarian in its character, and representing in its membership employers, employed, and the general benevolently and intelligently interested community. This committee, which included in its membership Bishop Potter and Mayor Low, won considerable confidence, more especially among the

working men, who seem on the whole to have been more ready to seek arbitration, and adjusted a number of industrial differences, including several strikes. As an outcome of the activity of this Association, commonly called CAIL, the General Convention of the Protestant Episcopal Church, held at San Francisco in October and November, 1901, was led to consider the duty of the Church to labor for industrial peace, and adopted the following resolutions, which are peculiarly significant because they seem to indicate the beginning of an awakening of the consciences of religious men to their obligation to utilize their religious mechanisms in some way in the practical work of reconciling industrial differences and hostilities:

Whereas, the Church of Jesus Christ has been commissioned by her Lord to be the friend and counsellor of all sorts and conditions of men, rich and poor alike, without respect of persons ;

And whereas, it is a part of her divine mission to be a mediator and peacemaker between those who are at strife one with another;

And whereas, the relations of Labor and Capital, which ought to be harmonious, are from time to time very seriously disturbed, to the prejudice of peace and good will among the people of the land, and often to the suffering of thousands of women and children, as well as to the sowing of bitterness and strife between brethren;

And whereas, the Christian Church would be untrue to her Master—the Carpenter of Nazareth—if she were not the friend of the laboring man, and did not hold his

and success of arbitration shows that such mutual understanding is on the increase. But this mutual understanding and rapprochement may be effected and has been sought by other means than trade agreements, conciliation, and arbitration. Such means are prosperity sharing, profit and stock sharing, co-operation, and the like. We have, therefore, given one section to model industries, including these various plans of industrial betterment.

SOCIALISM AND SINGLE TAX.—One section has been devoted to the discussion of the relations of employers and employed from the standpoint of advocates of socialism and of the single tax. No one of the writers in this division professes to offer a panacea for the social ills which all recognize. Two consider the "single tax" a necessary step on the road to betterment, but only as part of the programme of abolition of special privileges. The avowed socialists are most moderate in their claims. Some write about the "irrepressible conflict" between capital and labor, between rich and poor, holding that this conflict can never be brought to an end so long as the present organization of our social and industrial system prevails; not that the interests of employer and employed are not mutual, but to their thinking that mutuality can never be made effective under the existing system of society. The abolition of competition and common ownership are, according to them, necessary to make that mutuality effective. Others, moving more slowly in the same direction, urge governmental ownership and governmental operation of public franchises,

NATIONAL CIVIC FEDERATION.—Moving on the same lines, as an outcome of the Conference on Arbitration held in Chicago in December, 1900, the National Civic Federation organized an Industrial Department with a view to the ultimate creation of a voluntary national grand jury to mediate and arbitrate in labor troubles. The great steel strike of 1901 found this work incomplete and the grand jury not yet chosen. In spite of this fact, however, through its secretary and various members of its Industrial Department, the National Civic Federation accomplished an important and valuable work of conciliation, which averted most of the dangerous results which had been apprehended from that strike. In December, 1901, a conference was held in New York (the proceedings of which will shortly be published by Messrs. G. P. Putnam's Sons) on the call of the National Civic Federation, at which the organization of this grand jury of labor and capital was completed as follows:

Marcus A. Hanna, Chairman.
Samuel Gompers, 1st Vice-Chairman.
Oscar S. Straus, 2d Vice-Chairman.
Charles A. Moore, Treasurer.
Ralph M. Easley, Secretary.

EXECUTIVE COMMITTEE

On the part of the public: Grover Cleveland (Ex-President of the United States), Princeton, N. J.; Cornelius N. Bliss (Ex-Secretary of the Interior), New York City; Oscar S. Straus (Ex-Minister to Turkey), New York City; Charles Francis Adams

(former President of Union Pacific Railroad), Boston; Archbishop John Ireland (of the Roman Catholic Church), St. Paul; Bishop Henry C. Potter (of the Protestant Episcopal Church), New York City; Charles W. Eliot (President Harvard University), Cambridge, Mass.; Franklin MacVeagh (Merchant), Chicago; James H. Eckels (former Comptroller of Currency of the United States), Chicago; John J. McCook (Lawyer), New York City; John G. Milburn (Lawyer), Buffalo; Charles J. Bonaparte (Lawyer), Baltimore; Ralph M. Easley, Ex-officio (Secretary of the National Civic Federation), New York City.

On the part of employers: Marcus A. Hanna (Coal Mines, Iron, Shipping and Street Railways), Cleveland; Charles M. Schwab (President The U. S. Steel Corporation), New York City; S. R. Callaway (President The American Locomotive Works), New York City; Charles A. Moore (President The Shaw Electric Crane Company), New York City; John D. Rockefeller, Jr., New York City; Edward P. Ripley (President Atchison, Topeka & Santa Fe Railway System), Chicago; J. Kruttschnitt (Vice-President Southern Pacific Railroad Company), San Francisco; H. H. Vreeland (President The National Street Railway Association), New York City; Lewis Nixon (Proprietor Crescent Shipyard), New York City; Marcus M. Marks (President National Association of Clothing Manufacturers), New York City; James A. Chambers (President American Window Glass Company), Pittsburg; William H. Pfahler (former President National Founders' Association), Philadelphia.

On the part of wage-earners: Samuel Gompers (President American Federation of Labor), Washington; John Mitchell (President The United Mine Workers of America), Indianapolis; Frank P. Sargent (Grand Master Brotherhood of Locomotive Firemen), Peoria, Ill.; Theodore J. Shaffer (President Amalgamated Association of Iron, Steel, and Tin Workers), Pittsburg; James Duncan (General Secretary Granite Cutters' National Union), Boston; Daniel J. Keefe (President International Longshoremen's Association), Detroit; James O'Connell, (President International Association of Machinists), Washington; Martin Fox (President Iron Moulders Union of North America), Cincinnati; James M. Lynch (President International Typographical Union), Indianapolis; Edw. E. Clark (Grand Chief Conductor Order of Railway Conductors), Cedar Rapids, Iowa; Henry White (General Secretary United Garment Workers of America), New York; W. MacArthur (Editor *Coast Seamen's Journal*), San Francisco.

In the brief period since its organization committees of this body have already adjudicated and reconciled three disputes between employer and employed.

It will be seen from this sketch that the organization and application of voluntary arbitration has advanced at a rapid rate in the last few years, and by a peculiarly American method.

PROFIT AND STOCK SHARING.—An essential to arbitration is some mutual understanding of employers and employed, and the increasing application

and success of arbitration shows that such mutual understanding is on the increase. But this mutual understanding and rapprochement may be effected and has been sought by other means than trade agreements, conciliation, and arbitration. Such means are prosperity sharing, profit and stock sharing, co-operation, and the like. We have, therefore, given one section to model industries, including these various plans of industrial betterment.

SOCIALISM AND SINGLE TAX.—One section has been devoted to the discussion of the relations of employers and employed from the standpoint of advocates of socialism and of the single tax. No one of the writers in this division professes to offer a panacea for the social ills which all recognize. Two consider the "single tax" a necessary step on the road to betterment, but only as part of the programme of abolition of special privileges. The avowed socialists are most moderate in their claims. Some write about the "irrepressible conflict" between capital and labor, between rich and poor, holding that this conflict can never be brought to an end so long as the present organization of our social and industrial system prevails; not that the interests of employer and employed are not mutual, but to their thinking that mutuality can never be made effective under the existing system of society. The abolition of competition and common ownership are, according to them, necessary to make that mutuality effective. Others, moving more slowly in the same direction, urge governmental ownership and governmental operation of public franchises,

railroads, and street railroads, gas, electricity, express service, etc., and perhaps also of public monopolies. Outside of the avowed socialists not a few advocate in their general discussion part at least of the socialist programme; and it is worthy of note how strong is the tendency of thinkers and practical men alike to insist that our national spirit of individualism must yield in some degree to collectivism. Some of our contributors have recorded instances of co-operation without governmental control; of joint ownership and control by employer and employed, if, under such circumstances, the designations employer and employed can still be applied; of the association of employer and employed in trade boards, where, both sides being fully organized, the employers in associations controlling their trade, the employed in labor unions controlling the workmen in that trade, elected representatives of employers and employed constitute a joint board to consider the conditions of the business, and to make arrangements, mutually satisfactory to both sides, governing their relations to one another. While there is a considerable difference between socialism at one end and association in trade boards at the other, there is, it may be pointed out, this idea which is common to both, and which is, after all, the one fundamental thing brought out in this part of the discussion—that it is absolutely essential that employer and employed be joined together, that they be in touch with one another, that they understand and sympathize with one another, in doing which they must inevitably realize the

mutuality of their interests and thus prepare the way for any changes of social conditions which may ultimately prove necessary.

VIEWS OF MR. HEWITT.—During the course of the symposium, I asked the Hon Abram S. Hewitt for an answer to some of my questions. He referred me to his *Iron and Labor*, being his Presidential address before the American Institute of Mining Engineers in September, 1890; of which, with his consent, I made a condensation to be used in the symposium. Certain sections of that address answer so pertinently and directly the questions propounded, and are so thoroughly in accord with the general conclusions reached in this discussion, that I cite them here:

"The objection to trusts is not to be found in the magnitude of their operations. This, in the modern development of industry, is unavoidable, and constitutes, in fact, an advantage to society by insuring lower prices and better quality, and to the workmen by providing the best appliances for labor and arrangements for the preservation of health and the increase of comfort. It is only when trusts attempt to create a monopoly and succeed in destroying competition that they become injurious to the public welfare. It is extremely doubtful whether it is possible to maintain in this country an effective monopoly of any staple product of industry. The concentration of business, however, in special localities and the consolidation of interests in order to secure efficiency of administration is a public benefit. The greater the organization and the larger the capital employed, the more certain it becomes that the business

will be steadily prosecuted, thus avoiding the greatest evil under which workmen suffer—lack of constant employment. The principle of association developed in great industrial corporations is therefore altogether beneficial, and should have the hearty sympathy of the public and especially of the labor organizations.

"In any previous period of history such vast establishments might have been converted into devices for oppressing the workman, and for preying upon society by excessive prices; but in the presence of powerful labor organizations, whose right to demand information and whose power to obtain justice is now conceded, no oppression is possible, and no exaction can be continued under the scrutiny of an omnipresent and omniscient journalism. Society has therefore nothing to fear from the growing tendency of workmen to form unions, and of capital to centralize in great industrial corporations. But society has a duty to perform in the enactment of legislation which will regulate these organizations by a clear definition of their respective rights and duties.

"Publicity, inspection, and discussion are the great safeguards which the public can apply, in order to correct abuses and avoid conflicts and disastrous losses."

"All organizations which avail themselves of the provisions of the law for the creation of corporations, should be required to report the result of their business and be open to the inspection and scrutiny of public officers appointed for the purpose. This principle is already recognized and enforced with reference to savings and other banks, insurance and trust companies, and railway corporations. It has not been applied to industrial organizations; but these now exist on so large a scale and employ so many men, disputes with whom affect the public convenience and interests so seriously, that every

safeguard should be applied to prevent the disturbance and dislocation of industry. Publicity as to profits and losses would at once remove the most serious cause of strikes, which often take place when it is impossible for the employer to concede the demands of his men, because his profits will not warrant the concession. With proper information, the intelligence of the workmen may be relied upon not to make an issue which can only result in failure.

"It will not be necessary to give any compulsory power of rectification to the officers charged with the duty of inspection. No real abuses can survive the criticism of the press when they have been fully investigated by an impartial tribunal. No strike can then succeed, unless it is based upon an abuse recognized and reported as a positive grievance by competent authority, all trade regulations and the rate of wages can then be safely left to voluntary agreement between the representatives of masters and men, sitting as equals in a board of conciliation, and presided over by an arbitrator who has the confidence of both."

"With industry under the control of great corporations endowed with adequate capital, with the workmen thoroughly organized to protect their rights and advance their interests, with proper public inspection and publicity as to the condition and results of the business, with legislation covering the grounds of conflict, and with the co-operation of the judicial arm clearly expounding and steadily enforcing the law, it does not seem difficult to forecast the outcome of the evolution which is going on in the industrial world, and which seems to be full of promise and encouragement under the beneficent law which Edward Atkinson discovered, and which he and Robert Giffin have demonstrated, to

wit: That labor is receiving a steadily-increasing share of a steadily-increasing product; and that capital is receiving a steadily-diminishing share of an increasing product still insuring for it an adequate remuneration.

"More than fifty years ago, John Stuart Mill laid down the proposition that when employers and employees had a common interest in the work, in the nature of a partnership, the means would exist of 'healing the widening and imbittering feud between the class of employees and the class of capitalists.' Since these words were written the feud has widened and the conflicts have become more frequent and more intense. On the other hand, the work of educating both employers and workmen has been going on in a bitter school of experience. Various attempts have been made to get the two classes together on some basis of organization which will make the remuneration of each directly and visibly dependent upon the profits of business. Under the existing system, wages are necessarily paid out of profits in the last analysis, but the rate and amount are not determined by the actual results from day to day. On the other hand, they constitute a prior lien upon the business, as well from necessity as now by law, and are thus exempt and guaranteed against the losses of the business.

"The workman, however, fails to perceive that he is thus dependent upon the profits in order to get wages, and that he has the preference over all other claims upon the product of the business. Hence the sense of personal interest is lacking, and the success of the enterprise forms no part of the workman's current of thought. He has, in fact, no means of knowing the condition of the business, and his individuality is lost in the vast aggregation of energy which is combined in order to produce the results of modern industry. In England,

it is notorious that the action of the trade unions has been exerted in the direction of obliterating the individual to such an extent that special skill is rapidly declining, and in the finer grades of work it is almost impossible to find the experience required for the production of instruments of precision. This is a national evil of the first magnitude; and its disastrous consequences are becoming more apparent to the intelligent workman whose opportunities to rise in life are thus abridged and destroyed.

"Slowly but surely, therefore, a new idea has been taking root in the industrial mind. Profit-sharing is getting to be a familiar thought both with employers and workmen, and many promising experiments are now in progress in this and other countries. The practice is to pay the current rate of wages in the usual manner, then to allow a reasonable percentage on the capital employed, and, if there be any excess after these payments, to divide it equally or otherwise between the capital and the labor, estimated by the amount of wages paid."

"But profit-sharing, as it is called, will never be popular with the workmen, because, on the face of it, it is an act of grace from the employer. A self-respecting workman is not willing to accept charity. What he wants is justice, and any concession from the employer which does not recognize the right of the workman will be, and ought to be, rejected by independent and self-respecting men. When a workman, however, becomes a shareholder, either by payment for stock or by an agreement to pay for it out of his earnings, he stands on a level with the capitalist, and in fact, as well as in theory, is in a position to feel that he is working for himself in doing his best to promote the success of the business in which he is engaged.

"It should be a matter of congratulation, therefore, that the formation of trades-unions contemporaneously with the rapid growth of large corporations whose stock is divided into such small shares as to admit of easy distribution, clears the way for the new era when every intelligent workman will insist upon being an owner, and every well-managed corporation will see that its workmen are directly interested in the results of the business. To effect this desirable end, no compulsory legislation and no addition to the powers of corporations are needed. The educational influence of the conflicts which have occurred has already done much, and the conferences which frequently take place as to wages and regulations, are doing more to establish a better understanding, to create harmonious action and to develop the idea that business cannot be carried on, unless both the capital and the labor employed share directly in the proceeds. The two classes are organized, as it were, into armies of observation, and occasionally they come into conflict, but the chances of collision are becoming daily smaller and will disappear altogether when their differences are merged in a sense of common ownership through the agency of corporations, admitting and cultivating the direct participation of the workmen in the profits.

"It is, however, by no means necessary that all workmen should thus become shareholders. There will always be a considerable element of an unstable and unintelligent character, whose participation in the ownership is neither desirable nor possible; but I think the time is near when it will be discreditable to a workman not to be also an owner in the establishment in which he works, and that all workmen of the better class will have such an interest. It is quite conceivable that the workmen may ultimately acquire the preponderating interest,

in which case the best possible solution will have been reached, in which labor hires capital at the lowest possible rate and thus becomes the main factor in the conduct of industry."

"I am fully persuaded that the conflict between capital and labor cannot go on without impeding, and finally paralyzing, the operations of the industrial world, and interrupting the continued progress of society in wealth, comfort, and civilization. . . . Industrial peace is . . . necessary to the fruition of the hopes of a better adjustment of social relations, and of progress which will remove all privilege and all artificial impediments to the final establishment of equal rights. It is encouraging to think that this result can be reached without seeking for any new principles of government or introducing any new methods of legislation. *Natura viam monstrat.* We have no more reason to fear association than we have to dread competition, for they are the necessary and inseparable factors of progress. . . . They are only in the infancy of their power, and no man can measure their potency in overcoming the evils which survive or which have been incidentally occasioned in the application of the natural forces in new directions. If we are careful to secure the maintenance and the application of individual energy, we have nothing to fear from association and combination. Participation in the ownership of the instruments of production and the agencies of distribution, rendered possible through the subdivision of the shares of the great corporations which control the domain of industry, will give the workmen who are employed in their conduct full scope for individual energy and the development of special skill in every department. The general distribution of shares is, therefore, to be encouraged as the true solution of the conflict between

capital and labor, and may be relied upon to bring peace out of contention without resorting to the exasperating fallacies of communism, or the dangerous tendencies of class legislation."

PROFITS.—Inasmuch as the symposium out of which this book grew and the book itself arose from the desire to contribute toward the better understanding by one another of employer and employed, it has seemed fitting to stipulate that the profits derived from it should be applied to settlement or other similar work in New York.

JOHN P. PETERS.

ST. MICHAEL'S CHURCH, NEW YORK,
January 29, 1902.

PART I

GENERAL

a. How shall Labor and Capital be Reconciled?

b. Are the Interests of Employer and Employed Mutual, and, if so, how can this Mutuality of Interests be made Effective?

PART I

GENERAL

a. How shall Labor and Capital be Reconciled?

b. Are the Interests of Employer and Employed Mutual, and, if so, how can this Mutuality of Interests be made Effective?



HOW SHALL LABOR AND CAPITAL BE RECONCILED?

EDUCATION THE SOLUTION

BY HENRY DAVIES

MY answer is, By the influence of education. It is mutual misunderstanding of each other that divides capital and labor, and there is no way of overcoming this obstacle to permanent peace except through education.

But let us justify this conclusion.

It is necessary, first of all, to recognize the great complexity of the problem involved. The question is not wholly a question of material and financial inequality; there are social, ethical, and spiritual elements mixed up in it; it is a question of industrial freedom, and, as Daniel Webster said, the safeguard of freedom lies in the educated intelligence of the nation—intellectual, moral, and spiritual.

As a preliminary condition of a true and permanent solution of this problem, so complicated in its nature, the contending parties must also recognize the community of their interests. The trouble is, in my opinion, largely, that capital and labor are arrayed in two opposing camps, like two armies

preparing for battle. The insolence of wealth has brought this condition on, almost as much as the ignorance and demagogy of labor. What is the fact? Capital and labor are mutually dependent interests.

In the dispute as to the equitable distribution of the profits of labor, it should be more generally acknowledged that reason alone can be the arbiter, and for the right use of reason educated sentiment is absolutely essential. These things (the extreme complexity of the problem, the need of concession on both sides, and the arbitration of reason) should be recognized as the basis of conference. If these things be acknowledged, it will be clear why education holds the key to the problem and its solution.

I use the word "education" in the large untechnical sense—not as applying to academical training only, but also as including the whole process through which a society passes on its way toward a greater degree of harmony and perfection. Individualism, which has been and is still the American ideal of education, must be limited, according to this definition, by the larger questions of a man's social relations, by his political duty, and by his personal efficiency in the system of things; all this as brought about by growth of personality and experience, and by the natural evolution of human life under the institutions of civilization, is what I mean by education.

That education, in this sense, holds the key to the problem we are considering, can be made clear in a great variety of ways. It can be shown, first, by calling attention to the fact that it is education that

has precipitated the problem. Education has brought about a larger self-respect among the working people. In this work the United States has taken the lead. We can no longer think of the hand-worker as an inferior—as was the habit in times when civilization depended on the domination of an educated 400. The Demos has arrived, and he is educated and enlightened. What more natural, then, than that he should begin to value his own personality, his own comfort and well-being at a higher worth?

To effect any change in the relations between capital and labor you must, therefore, by a comprehensive and generous reliance on educated sentiment, change the attitude of the individuals involved. No great reform or revival of any sort was ever accomplished without the inspiration of new ideals in character and life. And this involves education.

It is not good, it is not safe for society, that the relations of human beings should be polarized as they are at present. This violent antagonism between the forces of power (wealth) and the forces of usefulness (labor) inevitably leads to the effort of power to exploit usefulness, and this the latter, in proportion as it becomes educated, resists. All progress comes by resistance, however, but to be truly efficient and productive two things are necessary in this work—both freedom and moral ideals. Labor is, perhaps, as much exposed to the charge of trying to assimilate the power wielded by capital as capital is to the charge of manipulating labor for its own selfish ends.

Education, alone, promises the best solution of this antagonism, because education frees the mind from prejudice and ignorance, draws men together in right relations, and leads to social efficiency.

It is essential to the thorough solution of this problem, therefore, that the discussion of it—which is no small part of the education of which I am speaking—get to the roots, which lie deeply embedded in human nature. As I have hinted above, the problem is not wholly a question of the equitable division of the proceeds of capital and labor. There are moral issues involved. No scheme of legislative control can ever successfully define or limit the relations of capital and labor. What is needed is an educated sentiment of what is morally right and religiously honest, as well as a sense of legislative and financial equity.

Too often it is assumed that the great questions involved in the discussion are quantitative; whereas the most important factors in the solution, as the steel strike has shown us, depend upon the qualities, moral and intellectual, which have been displayed on both sides. No one can say that a higher level has not been attained in this last case over any previous strike.

How to educate the wealthy class so that they realize the moral and spiritual obligations of their immense power is the root of the financial problem of our times. How to educate the hand-worker so that he, on his part, realizes that his interests, also, are of the moral sort, is its counterpart. The education needed to a solution is chiefly in the direction

of the morality of the relations existing between capital and labor and society at large. Bad business is always bad morals. Strikes are as much moral phenomena as financial facts.

The change of relations in human nature which I have mentioned must be gradual, like every other revolution in human relations. This process is likely to take the following course:

1. There is the preliminary stage, when capital and labor come to recognize their respective spheres of influence, different yet related, diverse yet unified.

2. Then there is the stage of opposition, the crisis of antagonism, when the equilibrium is lost.

3. These two stages are followed by the stage of reconstruction, readjustment, and higher social efficiency, which follows the critical stage.

The first of these stages we have now nearly completed. It has been coming on for many centuries, and culminated in the Industrial Revolution. We are, therefore, in the transitional state passing into the stage of crisis. Capital and labor cannot escape the tragedy of this crisis. It can only be faced and turned to good uses by the forces of evolution and education. The critical process may be brief, or it may be prolonged. Some do not hesitate to predict catastrophe and downfall. The point is that, whether short or long, the crisis will be the most educative experience in the whole history of the relations of capital and labor. All previous stages will appear palliative in comparison.

It is not necessary to believe, and I for one do not believe, that the crisis will be terrible. Our people

are intelligent. Nevertheless, it should be remembered that the human race, youngest of all nature's offspring, is most erratic and uncontrollable. I believe, however, that education will have the necessary influence to quell and still the warring elements and teach us to recognize that all social life is based on the imitation of the best, and that the best way of solving our social problems is to rely on reason, moral suasion, and that more excellent way advocated by Paul.

The acute stage of the crisis, the stage where the tragedy of human conflict will be most impressive, will pass, and the result will be a better understanding of each other, a purified and more generous recognition of the unity of interests involved in capital and labor, and a clearer consciousness that "eternal peace" is a nobler ideal to strive for than war. We shall also be taught that absolute power is no more tolerable in a commercial corporation than in an emperor, a church, or a pope. Power is wrongly used when it is not subservient to useful and benevolent ends. In this crisis there will surely be loss on both sides, but it will be more than justified if the above-mentioned results come out of it.

By the same climactic educational process, our industrial citizenship will be changed in meaning. One of the things that will result from this tragedy which is now being enacted in the world will be freedom from conditions that gall upon the honest, intelligent, and law-abiding worker. The idle rich will be an impossibility in the coming republic, for there is no theory that can defend

the existence of a class that exists simply on its money. If I were a hand-worker what would gall me more than anything else would be the assumption of superiority and the ingratitude and insolence of the rich. What we need is an aristocracy of workers. Hand-workers, however, should remember that freedom from the conditions mentioned involves risks to themselves, the most serious of which is the chance to tyrannize. Education alone can teach the right use of power and liberty, for education involves self-control, morality, and love.

The crisis will serve to direct attention also to the need of reconstructing some of the laws affecting the relations of capital and labor. Money, we shall slowly see, must not be invested with political influence as well as productive material power. No corporation ought to have the power to buy legislation.

But these evils cannot be eradicated without a crisis, and into that we have drifted. Let us hope that equal laws for all will be the result of the education we shall get out of our experience. If this is not the result, the solution of the problem of capital and labor will be only partial, postponed to a further crisis.

As regards the distinct form which the third or reconstruction period will take,—whether socialism, imperialism, or a purified republicanism—no one can at present say. There is no doubt that the next form of political society to claim attention is the socialistic, as it is the most popular and serious of any now before the educated minds of this country.

But it is not the purpose of this article to try to lift the veil from the future. Our problem is with the present stage of crisis.

These three stages—the preliminary, the critical, and the reconstructive—are not isolated, but depend on each other. In all three labor and capital will, through education, come to a gradual comprehension of each other's aims through a better understanding of each other's united interests; through a more intelligent recognition of the basis of all legitimate political and social influence—work with brain and hand; and through a more reasonable comprehension of the relation of labor and demand to profit-sharing.

The complicated nature of the problem, involving a readjustment of individual and social values, demands, as an essential condition, the pushing of every educative agency to its utmost capacity, so that we may know, when our hour is come, what we ought to do. I would, therefore, suggest that it is the duty of every one to help the solution of the problem by the intelligent study of the question. And you can learn in other ways than from books, —viz., by getting into closer quarters with the toiler's daily life, by sharing the burden of labor with him and for him as he does with and for you. The rich in particular are under special obligation to know something besides the higher or "pure" mathematics of finance. They need to know the realism of the industrial problem.

Educated social action is the only solvent, but this depends upon the attention and interest taken

in the subject by individuals. Churches and colleges should also free themselves from the suspicion of favoring one side of the dispute, by sympathizing with, and seeking to bring comfort and light out of, the inevitable suffering involved in the crisis. Associated philanthropic enterprise is an element of education not to be undervalued in the reconciliation which we seek. Why should not ministers of religion universally preach a sermon on Labor Day? What an immense educative influence this would be, provided it was used wisely, in a non-sectarian and brotherly way!

Absolute sincerity on the part of all who seek to take any action looking toward the reconciliation is a final demand which we have a right to make. It is much in this problem, it is half the battle, to seek the right conditions, the special social atmosphere, the spiritual climate, so to speak, in which these problems may be successfully grappled with, and the key to them all lies at our hands, viz., in a large use of the great educative forces at work among us. This, rather than any unique or startling system of change, is the writer's hope, and the ground of his faith in the possibility of reconciling capital and labor.

The education of the people has precipitated the problem, and, as like cures like, education is the potent force to be relied upon in endeavoring to unite and consolidate the interests of capital and labor. Philosophers, poets, and prophets alike agree in this. Humboldt said: "If you wish to see any result in the social life of a people, you must first

put it into their education." Lowell, in one of his greatest poems, "The Cathedral," propounds and answers the question in the same way. And was it not a greater than either of these who said: "And the truth shall make you free"?

ARE THE INTERESTS OF EMPLOYER AND EMPLOYED MUTUAL, AND, IF SO, HOW CAN THIS MUTUALITY OF INTERESTS BE MADE EFFECTIVE?

DUEL OR DUET?

BY JOSIAH STRONG

DUEL or duet, that is the question. There ought to be unending harmony between capital and labor; as a matter of fact, there is almost unending strife. This is due to the very common failure of working men and their employers to recognize that their interests are mutual.

The head, the hands, the feet, have common interests. If one member suffers, all the members suffer with it. All portions of the body are served in common and built up by the blood, which, like money, is "the circulating medium." If one arm does more work than the other, it draws more pay; that is, it draws to itself more blood, with the result that it gets more growing material and hence becomes stronger than the other. Just in proportion as the brain works, it draws blood to itself and is built up. The more any member spends by its activity, the more is it compensated; so that the body

has what might be called a self-adjusting wage system which is perfectly equitable.

Now suppose there takes place what St. Paul calls a "schism in the body"; that is, a division. Forgetting that they are mutually dependent, that their interests are common, the eye says to the hand, "I have no need of thee"; or the head says to the feet, "I have no need of you"; or hands and feet organize a strike against the head and refuse to feed it. How much added strength would the muscles get by refusing food to the mouth?

Or, we will suppose that the self-adjusting wage system of the body gets out of order, with the result that there arises a dispute between the brain and the limbs as to which is entitled to most of the "circulating medium." The limbs say: "Anybody can see that we are the workers; we produce the results. Let the brain try to swing a pick, or climb a ladder, or plough a furrow, or carry a load without us, and it will discover that *we* do the world's business and create the world's wealth." Accordingly, the members by some combination succeed in drawing to themselves much of the blood which belongs to the brain. In consequence the brain becomes weakened and does not intelligently direct the movements of the limbs. And if this robbery of the brain goes far enough, there follows unconsciousness, the man "faints away"; then how much is all the muscular power of the limbs worth?

Or, we will suppose that the head becomes selfish and proposes to build itself up at the expense of the limbs, on the ground that they are mere machines

and represent nothing but brute strength; that it is the brain which produces the arts and sciences and the progress of civilization, and has all the wants of civilized life, and, therefore, needs most of the "circulating medium." It draws more and more of the blood to itself, with the result that the efficiency of the limbs is impaired; the health of the whole body (including the head) suffers; and if the rush of blood to the head is sufficiently aggravated it produces apoplexy; the brain loses all power of thought and enjoyment, and the whole man is prostrated.

Thus in each case selfishness overreaches itself.

Of course, the value of this analogy depends on the fact that a modern industrial society leads a *common life*, which fact is not appreciated by either employers or employed. They do not yet recognize the full meaning of *organized industry*.

In the old days, when muscles furnished power, each man had his own, and industry was individualistic. But machinery and the division of labor, which followed the concentration of power in the steam engine, made men mutually dependent; and as far as interdependence goes common interests go. This interdependence has come to include the entire industrial society; hence, the entire industrial society has come to live a common life with common interests.

This is recognized in part. Working men are coming to see that the interests of labor are common. This was first discovered by men engaged in the same industry, who, accordingly, organized their unions. Then men in different but interrelated

industries saw that they had much in common, and different unions became affiliated. Then, as they began to see the common interests of all labor, there was a movement toward national and even international federation.

Capital has been moving in the same direction. The first step toward combination was the partnership; then, the corporation; then, the combination of corporations in increasing numbers and magnitude, until there is developed at last a trust as broad as a continent.

As long as these two great organized armies believe their interests are conflicting, they will struggle together with as much resulting loss and perhaps with as much consequent suffering as attend a bloody conflict of arms.

Glance, then, briefly at some of the common interests of capital and labor.

1. Both profit by general prosperity. When times are good, business is good, profits are good, and wages are good. A strike or lockout, if it is sufficiently general and prolonged, destroys general prosperity and injures capital and labor alike.

2. Both profit by cheap production. The manufacturer seeks to reduce cost in order to get the market; and cheaper production reduces the cost of living to working men. For the workman, therefore, to waste time or material is as really against his own interests as against those of his employer.

3. Both profit by the introduction of machinery, because this cheapens production. It often throws men out of employment, but ultimately gives more

employment than it takes away. Machinery has undoubtedly increased the profits of capital and the wages of labor, and at the same time has reduced the hours of labor.

4. Both are benefited by good wages. It is an advantage to capital to employ workmen who can command good wages. This is one of the great advantages which manufacturers in the United States have over those of Europe. Then, too, the larger the wage the higher is the standard of living, which increases demand.

5. Both are benefited by the health of the workmen. The less sickness, the fewer interruptions; the more health, the greater vitality and strength, and the larger the product.

6. Both are profited by a high degree of intelligence. It insures better management, more economy, quicker and better work, fewer misunderstandings.

7. Both profit by high moral character. There is more conscientious work; there is greater mutual confidence and good-will. Ignorance and moral degradation are dangerous. As Danton said: "If you suffer the poor to grow up as animals, they may chance to become wild beasts and rend you."

Perhaps the truth of all of the above propositions is sufficiently obvious except the third. It is often hard for workmen to see that the machine which takes away their job is of any benefit to labor. If it is a "blessing in disguise," it is so thoroughly disguised that multitudes fail to recognize it as a blessing, except to the capitalist who is able to own it.

It is worth while, then, to consider what the introduction of machinery is bound to do for labor.

It is by the aid of machinery that man is enabled to utilize forces other than muscular. The earth has always been a vast reservoir of power, capable of affording man an exhaustless supply in the form of steam, electricity, water, wind, air, gas, and the like. But for thousands of years this reservoir remained untapped. Agriculture, the mechanical arts, travel, and transportation, all depended on vital force—power derived from the muscles of man or beast. This was practically the only power under human control; and on the part of a large proportion of mankind the struggle for existence taxed this power to the utmost. Now, gaining control of natural forces made it possible to relieve the vital energies of the race of this deadening tax, and thus marked a long step in advance.

Vital energy may be expended by the muscles, the nerves, or the brain; that is, in muscular activity, in feeling, or in thinking; and of course strength expended in any one of these three directions is not available for use in either of the other two. When a man is exhausted by physical toil, the finer sensibilities and the power of thought are well nigh dead within him. Here is the poet's picture of the typical peasant:

> The emptiness of ages in his face,
> And on his back the burden of the world.
> Who made him dead to rapture and despair,
> A thing that grieves not and that never hopes,
> Stolid and stunned, a brother to the ox?

Muscular toil, prolonged to exhaustion, has robbed the peasant's brain and nerves of that vital energy which should have given to him man's high prerogatives of thought and feeling. For thousands of years the toiling millions have been condemned by the hard conditions of life to an existence chiefly animal. How much it meant, then, for the hope of humanity, when man learned to harness nature's forces, and was thus released, not from labor, but from the curse of labor—that excess of toil which destroys the balance of manhood and robs him of his higher self. True, excessive toil still stunts human life even where machinery is employed; but the tendency is to shorten hours of labor and to substitute machinery for muscle, requiring of the workman a service which exercises his intelligence rather than his strength. The century before us will certainly lay more and more of the drudgery of life on machinery, thus saving vital energy for higher uses.

Again, gaining control of nature's forces increases human resources indefinitely, thus opening to mankind boundless possibilities. When muscles were the only source of productive power, the inexorable law of nature was: So much food, so much sweat; so much clothing, so much sweat; so much fuel, so much sweat. Except in the tropics, nature yielded the necessaries of life only in exchange for vital energy, the natural limit of which, of course, limited production. This energy was exhausted day by day. So far as productive power was concerned, the world went to sleep every night practically bankrupt and beggared, and awoke every morning to begin life anew.

To-day, the four great manufacturing nations—the United States, England, France, and Germany—have steam power alone greater than the muscular strength of all the male workmen of mankind; and this power can be increased indefinitely, as fast as it can be used. It has now become possible to produce more than the world can consume. Men go hungry and ragged, to be sure, but only because they have nothing with which to buy; it is not because there is any lack of food and clothing. Tapping the earth's great reservoir of power solved the problem of production and made possible universal abundance. The great problem remaining is that of distribution.

During the past century the industrial revolution has carried us half-way to the industrial millennium. There will, of course, be further material development, but if it were finally arrested at this point, the physical conditions have already been prepared for a practically perfect civilization, provided only the intellectual and the spiritual were raised to an equal development with the physical. It is estimated that on the average the machine method is about fifty times as effective as the old method. That is, man with his hand on nature's lever, at the beginning of this century, is about fifty times as capable of supplying his material wants as he was one hundred years ago. And as we better understand the physical conditions of moral progress we shall better appreciate how full of hope for humanity is the twentieth-century outlook. As the spirit of human brotherhood prevails more and more, selfishness will

subside more and more, the product of labor, management, and capital will be more and more equally divided, there will be abundance for all; and the drudgery of life having been laid on the steel muscles of machinery, man's vital energy will go to the development of the higher sensibilities and the power of thought. That is, forces are now at work in the world which will some day enable labor to share not only the material comforts and luxuries of life, but also the delights of intellectual training and of refined tastes.

PART II

COMBINATIONS OF EMPLOYERS AND EMPLOYED—ARE THEY MUTUALLY BENEFICIAL?

a. Are So-called Trusts, or Giant Incorporations, Beneficial to Employed as well as to Employer? How?

b. Are Labor Unions Beneficial to Employer as well as to Employed? (Suggestions how they might be made beneficial or more beneficial.)

TRUSTS

SYNOPSIS

CLARK. Question is how trusts affect market rates—To secure higher prices, trusts limit production—May pay higher wages, yet reduce wages in general—So far as monopolistic, dangerous—Labor unions; monopolistic possibilities—Combination of trust and labor union against public.

DILL. Object of trusts is to dominate the market—Are not and cannot be monopolistic—Safeguard of trusts, publicity—This must be obtained through national legislation—Diversity and contradictions of State legislation among serious dangers of the situation—Other dangers are corporation meddling in politics, speculation by officers and directors in their own stocks.

STOKES. Publicity demanded—Prohibition by penal laws of interference of trusts in politics and legislation, and of speculation and secret profits by officers and directors of corporations.

PETERS. Methods by which trust benefits itself and community: increased efficiency; economy in distribution and administration—Probable advantage to laborers in wages—Large employers better to deal with—Trade restrictions condemned—Advantage of trusts in foreign competition—Restrictive legislation.

LABOR UNIONS

SYNOPSIS

REYNOLDS. Benefits to employed: fair hours and higher wages; permanent employment; moral improvement—Benefits to employer: intelligent understanding of trouble; responsible men to deal with—Conservatism of labor leaders—Chief trouble of unions distrust of leaders—Need of industrial arbitrator.

LABOR UNIONS (Continued.)

GOMPERS. Necessity of strikes—Strikes last resort—Organization of both employers and employed prevents strikes—Unions improve conditions of labor—Prevent woman or child labor—Stand for conciliation and arbitration—Oppose compulsory arbitration.

KEEFE. Organization and methods of Longshoremen's Association—Responsibility for agreements and contracts—Joint conferences with employers—Provisions for arbitration.

WHITE. Improvement of the individual—Accomplished by unions—Means of struggle for living wage—Uplift toiling masses and thus society—Complete dominance of unions undesirable and improbable.

TRUSTS

DO TRUSTS BENEFIT LABORERS?

BY JOHN BATES CLARK

AT the Chicago conference on trusts certain leaders of organized labor declared that they were not hostile to these consolidations. They said that they were waiting to see how the trusts would treat their workmen, and that if they treated them well, they, the speakers, would favor them.

This is a common view, and the test that it applies to a trust is simply the rate of pay that it gives to its own men. It does not take account of the effect of the consolidations on the larger body of men who are not in their employment. That a trust is kind to its own employees is a point in its favor, but it is a very inadequate ground for pronouncing a favorable judgment on its action as a whole. It might pay its own men at a high rate and yet injure labor in general, and it might pay at the market rate and yet benefit the great body of workers. The large question is: How does the trust affect the market rate itself? We want to know, not merely how the men fare in the mills owned by it, but how they fare in mills, shops, and mines and on railroads and farms all over the country.

Trusts might benefit labor generally. They ensure economy, and that ought to mean that there are more goods produced than would otherwise be possible and that the workmen get their share of them. Unfortunately, however, trusts have a further purpose in view. While they wish to save what they can in the cost of making their goods, they also wish to get high prices for them; and this they can do only by limiting the number that they will make. This policy does not tend in the direction of a large dividend of useful things for every one. It works in just the other way. When it shuts up some of its mills and sends off some of its laborers it makes its own products scarcer than they should be. This makes them dear and enables the trust to get a profit; but that is no consolation to the men who have been turned off. It is anything but consoling to the great body of workers who buy these products. If, now, the trust placates its own men by giving them some share of what it exacts from the public, that is good for these laborers, but does nothing for others. Having a hostile public to face the trust may try to avoid a fire in the rear; but whenever it pays its laborers more than they could elsewhere get, it can be trusted to recoup itself by taxing everybody else. A worker in any employment in which competition rules pays tribute to every trust that is a real monopoly.

The essential thing is that some workers are forced out of the trust's field into other fields and that they can win admission to the new employments only by taking lower wages than would there

be paid if labor were not artificially forced into them. Make a trust in the woollen business, close some mills, and force some men and women into shoe shops, and it is clear that labor in the shoe shops will not be as well paid as it was before.

A real monopoly of any kind injures the general body of labor, and selecting a few men for specially good treatment does not atone for this effect. A trust, however, is not necessarily a monopoly, and this is the saving fact in the situation. It affords the true criterion for judging trusts and pronouncing them good or bad. That is not a good trust which, being a real monopoly, treats its own men well and others ill. A good trust is not a true monopoly at all, and therefore has not any power to plunder the public. It cannot favor its own men by sharing with them the fruits of plunder, since it has none to share. There is one way only in which it can get large returns and pay high wages, and that is by economy. It can produce efficiently and make honest gains for owners and workers. High pay secured by means of monopoly injures all but the few who get it; but high pay secured by efficiency benefits all. The ideal state is one in which there is economy everywhere and monopoly nowhere. In such a state every shop might give high pay to its own men without taxing others in order to get it.

DO LABOR UNIONS BENEFIT EMPLOYERS? — A trade union might conceivably make itself a monopoly; and if it did so it would injure workmen outside of its own membership. It might restrict the number of members that it would receive and fight

off all non-union labor from its field of employment. This would make labor in one department scarce and dear and labor in other departments plentiful and cheap. A trade union that should admit members freely would have no such power. It might promote efficiency without fostering monopoly; and if it did so it would be a benefit to all concerned.

A trade union in a business controlled by a monopolistic trust may, if it is strong, make the company divide gains with it on more liberal terms than the men could otherwise secure. The public would have the bills to pay, and workmen not in this particular union would have to pay a large share of them.

An intolerable state would be one in which real monopolies of both kinds should multiply and increase in power. If trusts were limiting their production and if trade unions were keeping great bodies of men out of their own membership, the men not employed by trusts and not able to get into unions would be ground between the upper and the nether millstone. A man of this class might be unable to join a union or to make a living outside of it.

Freedom is the word that describes the ideal state. Let the young worker enter any trade he pleases, and let the man with any capital, small or great, invest it without peril in whatever industry he may choose. Let there be a democracy of labor and a republic of capital, which together make true *commonwealth*. Let there be competition active enough

to prevent all taxing of class by class. Let goods become cheap in terms of labor, which is the same as causing labor to become dear in terms of goods. Let workmen from year to year produce more and get more. Let the power of the trust be used for economy and efficiency, and that of the trade union for collective bargaining and fair play. This will insure benefits for all and injuries for none, and such is the natural effect of economic freedom.

TRUSTS

THEIR USES AND ABUSES[1]

BY JAMES B. DILL

THERE is little advantage in attempting to avoid the name "Trust" as applied to combinations of capital. The word originated in a trusteeship created by deed. Later it was applied to associations by which the properties were placed in the hands of trustees who gave back to the original owners trust certificates, conveying a technical title, but accompanied by a power on the part of the original owner to take back the property in case of failure or otherwise.

The cry against monopolies resulted in legislation destructive to this form of organization, but the trust left its impress, the advantages of combinations, and its name, which the public applied to all consolidations of capital.

WHAT A TRUST IS.—A trust is a "dominant combination of money, property, business, or commercial power or energy." The form of the union is unimportant. It may be an association, incorporated

[1] The original of this article was an address before the Merchants' Club of Chicago, November 9, 1901.

or otherwise, it may be a single individual or a partnership. The essential element of the combination is the purpose to dominate, and this domination is the tendency which has created the most apprehension. From a practical standpoint, the difference between what was formerly known as a "Trust" and what is now known as a "Combination" is largely academic and scholastic—a difference in purpose, principle, intent, and final results not involving great distinctions.

If the charter of every prominent combination of capital or dominant company expressed the real intent of the organization, instead of reading "To manufacture, transport, and market" the particular product in question, it would state as the purpose of the company "to *dominate* in the manufacturing, to *dominate* in the transportation," and, what is quite as important, "to *dominate* in the market" of the product.

The same tendency and intent to dominate is signified by the names of the organizations, "United States," "American," "Federal," and finally "National," and even "International." All of this, both of structure and of name, indicates a purpose on the part of the organization to dominate in the markets of the country and of the world. It is not the combination in itself which is vicious, but it is the methods employed by some corporations in the attempt to dominate which create the tendencies which are criticised as dangerous.

Analyzing the situation to-day, and recognizing that the combination and the consolidation of capital

is a force, we spend no time in asking why it is here further than to say that it is an uplifting force, a part of the best growth and sound expansion of the American nation. It is essentially a part of the aggressive American policy of commercial supremacy.

The tendency toward centralization is strikingly apparent in the financial field. The great banks are becoming greater and are establishing branches in all directions through a stock control of smaller banks. One might be charged with lack of conservatism should he suggest the possibility of the establishment of a great bank, perhaps under governmental influence, which shall act as a governor and regulator of the financial machinery of this country. But the anticipating of the redemption of bonds or of the payment of interest by the Secretary of the Treasury must be regarded as an expedient on the part of the Government to steady the finances of this country to the end that panics may be prevented.

Carrying this proposition to its logical extent, and having in mind the history of the Bank of England, it has been suggested that if and when this country becomes the great finance and credit power of the world, the trend of sentiment will be towards the establishment of one great controlling financial institution, certainly under the United States law, and perhaps dominated by the United States Government.

The history of the trust movement is not unlike that of the development of electricity. Half a century ago every habitation bristled with lightning-rods

in an endeavor to avert electricity—a force then, but not at the present time, known best from its dangerous tendencies. The house of to-day is not equipped with instruments to divert the electricity, but is wired to receive and utilize the electric current. The difference is not only that the force is better understood, but also that it is under control. The generation of yesterday paid money to the lightning-rod man to keep electricity out of the house. They feared the flash and the crash, but to-day we pay the electric company to create, store, and deliver electricity through wires into the house for the purposes of light, heat, power, and communication.

While we convey electricity into our homes, offices, and manufactories, yet that current is never so conveyed *until the conductor is insulated*, so that the whole force is utilized, while the danger is minimized. The great question to-day is not, how combinations may be averted, but rather how they may be utilized and controlled for the best good of the community.

The dangers of the trust movement may be divided into dangers to the combinations and dangers from the combinations to the public—subjective and objective dangers.

The tendency of the great corporations is to become in a measure callous to public opinion, a mistake on the part of the corporation, unfortunate so far as the public is concerned, and a peril, both subjective and objective, and in which the corporation is by no means blameless.

This indifference to public opinion and legislation is due in part to the fact that from the corporate point of view many of the criticisms passed upon corporations and much of the anti-corporation legislation are based upon a lack of understanding of the situation. Many of the attacks upon combinations have had as their aim the suppression of the movement rather than the elucidation of the subject and the utilization of the force. Such attacks, legislative or otherwise, while dangerous to the combinations, react strongly against the public.

TRUSTS IN POLITICS.—The tendency of industrial corporations to enter the field of legislation and politics is dangerous. Unwise legislation against industrial combinations, legislation in many instances enacted in response to ill-advised popular clamor, invites and sometimes forces the industrial corporation to enter the field of legislative competition, and when once in that field the corporation learns by experience that it can not only defeat anti-corporate measures in the usual way, but can even procure pro-corporate legislation.

Any attempt on the part of industrial organizations to enter, voluntarily or defensively, into the field of legislation is a tendency which is to be regarded with grave apprehension.

SPECULATION BY OFFICERS OF TRUSTS.—As to speculation by officers of corporations in their own securities, conceding, if you please, that a daily and public market for industrial securities is a necessity for their success as a popular investment, yet if it be true that in the private offices of any official of a

great combination one finds not only the business desk, but also a stock exchange ticker separated from the desk by only a wheel chair, desk and ticker being equally accessible and, perhaps, equally used by the official, one must view this situation with apprehension. That combination which is controlled through its management for the purpose of advancing or depressing the price of its securities on the market, and is run on a principle other than that of a strictly commercial enterprise, must ultimately land where it belongs—in the gutter.

So much of the capital of this country has already found its way into industrial securities that any panic in these securities extends beyond the mere industrial investment, and may mean a financial panic affecting the business of the whole country.

The point that electrical energy advanced as a public utility only as the public learned by experience how to regulate, control, and insulate, will bear repetition and renewed application to the industrial movement to-day. Utilization and restraint of trusts are the essential elements of industrial success, but this regulation and control can be had only by wise legislation, preceded by an enlightened public opinion. Such public opinion and such legislation must be founded on a knowledge of the facts.

PUBLICITY.—Publicity as applied to corporations may be characterized as public publicity and private publicity.

Public publicity is not yet universally practised by industrial combinations, and legislation has not yet been able to fully procure it. Public publicity,

expressed in the form of legislation, will not, I take it, be to its fullest extent what certain students of economics have denominated public publicity. It is an open question as to whether it will be either necessary or advisable to open wide to the public all of the private details and accounts of corporations, large or small.

It is asserted that private publicity, or information to the stockholders, is not always carried out to its fullest extent. It has even been publicly charged that knowledge of immediate facts is sometimes conveyed only to an inside circle, said to be less in circumference in many cases than the board of directors, and not including all the officers of the corporation.

But the time is coming when publicity, properly defined and limited, will be an essential element of the success of every industrial combination which seeks its support from the public. As between combinations themselves, the sound corporation will avail itself of the opportunity to demonstrate its soundness by public statements, and in such demonstration force to a lower position its competitor who is unwilling and inferentially unable to make the same public showing. Public confidence is and must be the essential element of the success of any industrial combination. Public confidence cannot be based upon anything but knowledge of the facts, and this knowledge of the facts must come from the corporation by way of statements to the public, for the accuracy of which statements some one is responsible. "Let not thy right hand know what thy left

hand doeth" is a principle which can be applied to charitable organizations only. Applied, either as a theory or a fact, to industrial combinations, it is fatal to their success.

This leads to the conclusion that while to-day the better corporations are voluntarily practising publicity, they would favor a statute which secured public publicity from all corporations. This would not only benefit the public, steady industrial finances, tend to make industrial securities a permanent investment for holders, large and small, but would also prevent the formation of blind pools, check industrial swindles, and avert financial panics. Publicity is to industrial combinations what street lighting is to municipalities. It promotes legitimate business and prevents crime. Publicity must be secured by legislation, either national or State, and the latter, to be effectual, must be practically uniform among the States.

STATE LEGISLATION.—In the field of State legislation we find one of the gravest dangers surrounding the corporate question, a danger both subjective and objective.

A menace both to the combination and to the people is found in the competitive strife among States for revenue from corporations. Legislative inducements by way of private and public statutes to corporate organizations are the order of the day. "Protection for domestic corporations, war upon foreign corporations," is the legislative theory of some States. Just so long as it is possible for a corporate organization in one State to do that business

in other States which is forbidden to its own corporations, just so long we shall find different States offering inducements to capital to incorporate under their particular laws.

To-day we find States giving express permission to their own corporations to do in other States what such corporations are expressly prohibited from doing at home.

The corporation laws of New Jersey provide that "it shall be lawful to form a company for the purpose of constructing, maintaining, and operating railroads, telephone, or telegraph lines *outside of this State*," but prohibits the formation under the general act of such organizations to do business in New Jersey. In her new legislation of 1901, New York offered a premium to "tramp organizations" by providing that corporations organized under New York's law, for the purpose of transacting their entire business without the State of New York, and employing their entire capital without the State of New York, and none of it in the State of New York, should be free from the State tax on the franchise, commonly known as the tax on the capital stock.

The present tendency of some States in State legislation respecting industrial corporations is to encourage and increase State revenue rather than toward soundness and integrity of legislation.

For years the State of New Jersey stood pre-eminent among the charter-granting States, until, from the revenue derived from corporations, she practically abolished the necessity for State taxes, and contributed large sums for schools, for good roads,

and for matters of public use and utility. At the beginning of November, 1901, the State of New Jersey had in its treasury over $2,000,000 as a surplus.

In 1901, the State of New York, although it had for years waged war upon New Jersey's system of incorporation, gave way to the contrast between the state of its treasury and that of New Jersey. New York sought to out-Jersey New Jersey in so-called paper liberality to corporations. It amended its corporation act upon the theory that the greatest paper liberality and freedom from restrictions and even private publicity would produce the greatest revenue. It made the initial organization easy and less expensive, but without lessening the burden of the local tax, the most important element of the fixed charges against corporations and the great revenue-producing factor to New York. The staid old State of Connecticut followed suit and opened its doors, offering its inducements to corporations, and Maine and North Carolina followed the example of New York and Connecticut. Delaware and West Virginia had already adopted every provision to increase their revenue as charter-granting States, and finally South Dakota comes forward with a proposition that it will grant to a corporation everything that it will ask, and for a consideration so minute as to be scarcely worth mentioning.

This tendency is not to wisdom of legislation, but to absence of restriction, to the granting of powers rather than to the maintenance of proper control.

On the other hand, influenced by the cry against monopolies, making no distinction between the

combination of to-day and the monopolistic trust of yesterday, other commonwealths have filled their statute books with discriminations against business combinations until it is almost impracticable for them to do business within such States.

NATIONAL LEGISLATION.— State legislation is each year growing more divergent, and we can look in that direction with no assurance of any uniformity of procedure and regulation of corporations. The question is national in extent and breadth. It can be dealt with only by legislation equally broad,— that is, national legislation. It is suggested that national legislation would be unconstitutional. The Supreme Court of the United States, however, found its way out of the difficulty, when suggested, in the case of the National Banking Act. It might be said in the present case that the public welfare at present more urgently requires a National Corporation Act than years ago it required a National Banking Act.

TRUSTS NOT MONOPOLIES.—I do not wish to be misunderstood as to the character of the industrial movement of to-day. It is of the highest order, is progressing in the right direction, and is an uplifting force. It has been productive of great good to this country. It is a direct contributing factor to the commercial supremacy of the United States.

The form of a strictly monopolistic trust, aiming to suppress competition, so often described by the theorist and the scholar, does not to-day exist to any extent. Theorists, social reformers, and some students of economics have argued against the char-

acter of the industrial movement of to-day. They failed to recognize the fact that the "octopus," the "monopolistic trust," the organization "destroying competition," "annihilating individualism," existed largely as a mental spectre. To the minds of some such, the suppression of competition in America seems to be the chief aim of the combinations, while in truth and in fact the destruction of competition in America is impossible. They do not publicly recognize and admit what is the fact, that the majority of the so-called trust evils which they have portrayed have been largely in the nature of apprehensions, and that the objections, practical and theoretical, subjective and objective, to and of the industrial movement, have largely settled and cured themselves before legislation was necessary.

There are dangerous tendencies, as has been frankly admitted, but they are ills which are natural to humankind and to human organization, not to be cured by hasty legislation and in the twinkling of an eye, not to be overcome by vituperation and abuse, but rather to be minimized, and perhaps ultimately eliminated, by wise, conservative examination and decision upon the question as a whole, based upon practical experience.

TRUSTS

The Trust Question

BY ANSON PHELPS STOKES

BISHOP POTTER'S scheme for a newspaper discussion of the labor question is nobly conceived, and much good must result. By choosing a popular medium, instead of some dignified church organ, he truly aims to follow the great Bishop and Reformer of whom it was said, "The common people heard Him gladly."

It is useful to consider in popular debate some of the elements which must enter into any full understanding of this question. But the subject is of too far-reaching scope and importance to be fully developed in this article. A thorough treatise on the best relations of labor and capital would require, of the greatest intellect, many years of special and devoted study. All that I am prepared to attempt is to point out a few of the facts that must be considered, and to make a few practical suggestions. Some of these have no doubt been expressed before in some form.

ARBITRATION.— Absolute enforced arbitration cannot be relied on to settle all questions of wages,

for it might make working men slaves or ruin employers. But the experience of New Zealand has shown that much harmony between employers and employed can be produced by a public Board of Arbitrators, having authority to examine books and papers, etc., to ascertain the real conditions of the trade and what wages the business can afford to pay; and with authority to exact a fixed fine from the manufacturer or the trade union, whichever party the arbitrators may find to be wrong in demanding or refusing a change in wages.

LEGISLATION.—Combination and organization increase efficiency and economy in manufacture, in transportation, etc. If all the plants of a great industry in one country be combined under the control of one capable man, that combination will have an immense advantage in competing with manufacturers not so organized in other countries. The great combination can also, if it chooses, reduce the price of its product to its own countrymen; and, if it chooses, it can increase the wages and reduce the hours of labor. But a great trust is not likely to choose to look out for the interests of the community. So it is for the people to see to it that their representatives in the Legislatures secure for them the necessary compensations and safeguards for all powers and privileges granted to corporations.

PUBLICITY.—The great combinations and all stock companies exist only by permission of statute laws, which, if justly drawn or amended, would secure to the people fair compensation and efficient safeguards. Corporations are exempt from death taxes and receive

certain advantages from the State, and ought to pay larger annual taxes than individuals. Their books ought to be open to public examination to protect the community from conspiracy or other acts against public interest. Corporations should be absolutely prohibited from meddling at all in politics and from contributing any funds to influence legislation. An officer of a corporation making any such contribution ought to be subject to severe punishment, and made incapable of holding office, and any attempt to conceal such contribution under the guise of "legal expenses" or otherwise ought to involve additional fines and penalties.

SECRET PROFITS.—Corporations being creatures of the Legislature, their directors and trustees and other officers must be considered as quasi-public officials. Any attempt of a trustee of a corporation or trust to make a secret profit out of his position as such trustee should be punished as if he were a trustee under a will. Until the smallest stockholder enjoys the same right as the largest to know everything he wants to know about the affairs of a corporation, and until directors and other trustees are effectively prohibited by law from speculating in the stocks of their companies, and from making secret profits out of their positions or their knowledge of the operations of the corporations committed to their care, the workingman cannot with safety, or on equal terms, invest in the stocks of industrial or transportation companies; and this most important kind of community of interest between capital and labor cannot be effected.

Any serious attempt by reformers to take from directors and other trustees such secret profits, and to confiscate these for public uses, would, to use an old metaphor, raise a whirlwind in Wall Street that would unroof temples of trade and blow down the steeple of Trinity Church. Such a reform movement, if successful, would do away with all difficulties about tax rates and go far toward solving the labor question. If these secret profits could be recovered, or, better, made impossible, there would be fewer speculative directors, fewer unjust managers and superintendents, and fewer paid labor agitators, fewer mills arbitrarily closed, fewer sudden reductions of wages, fewer strikes, and more working men would be found investing their savings in the stocks of the companies employing them.

CORPORATION MAGNATES.—It is impossible that in a free country one man may be permitted to say, in any great national industry, that wages shall be fixed by him, that he shall determine what church or labor union any of his employees shall or shall not belong to, and that his only terms are unconditional surrender.

It is deplorable that large bodies of working men should be drawn into ill-advised strikes by leaders who deal in bombastic boasts and threats, and in other ways show want of mental balance and force. Let us hope that a strong and unselfish people's champion will be found to do for labor what Charles James Fox did for liberty.

Let us believe that the wonderful changes going on in the industrial world, some of the results of

which are beyond our comprehension, will be so over-ruled by Providence as to lead to a more just order of things and the greatest good of the greatest number. Let us all strive to do what we can to promote justice and fair dealing, and teach our children, by precept and example, to work unselfishly and fearlessly for the public good.

Reformers must expect to be despised and hated by those who profit by existing abuses.

The power wielded by the present order of things in Wall Street is unprecedented. A clever woman lately said that any business man in society in New York who is not connected with the Stock Exchange is bound to explain why. The influence of a few great corporation magnates in society, in the Legislatures and courts and official circles, in seats of learning, in the press, and in the Church is not yet fully understood.

RESPONSIBILITY OF WORKING MEN.—But it would not be just to place all the blame on prominent individuals, who may, perhaps, claim that they are only playing according to the rules of the game. Working men, being a majority of the voters, are very largely responsible for the present unjust conditions. Christian philosophy, combined with just penal laws, can curb the exorbitant and dangerous power of the few. The great body of working men in this country can be free from industrial oppression when they cease selling their votes to political bosses.

I do not mean that direct payment of money for votes is general, but, as has often been pointed out,

that votes are very commonly influenced by considerations regarding employment, or by promises of such unjust gains as the tariff laws deceitfully hold forth. I am informed regarding a community, where public labor would give regular employment to not more than fifty men, that about three hundred are placed on the labor list by party bosses and given temporary employment on public work during some weeks or months throughout the year, and that these three hundred men vote at the dictation of the party bosses, and control the affairs of that community. This is a fair sample of what is going on in very many places in the United States.

State socialism is not generally practicable, but great industries can be controlled by the Government to this extent, at least, that those to whom permission is granted to combine in corporations for manufacturing and railway purposes, etc., and to act as trustees, directors, and other officers, shall not be permitted to make secret personal profits out of these positions. These secret profits from combinations and speculations are in many cases larger than all the wages paid by some of these corporations during a long period. If they were prevented the companies would have much less interest to pay on bonds and watered stocks, and could afford to pay higher wages.

The present discontent comes largely from the evident injustice in the division of profits between corporation magnates and their workmen.

TRUSTS

BENEFITS OF TRUSTS[1]

BY WILLIAM RICHMOND PETERS

IN view of the public interest in manufacturing industrial combinations, or trusts, and the widespread demand for restrictive State and national legislation, I offer the following remarks in the endeavor to show, from a business man's practical standpoint, how the real interests of the public at large are affected and whether such legislation is desirable.

In such a brief article very much is left unsaid that might strengthen the position taken herein.

The principal questions to ask about the new system of combinations of factories are:

First.—Will cost of production be cheaper than under the old system of individual manufacturers?

Second.—Will expense of distribution be less?

Third.—What will be the effect on labor and wages?

Fourth.—What will be the effect on prices?

An affirmative answer is usually conceded to the

[1] The original of this article appeared as a letter in the *New York Times*, August 2, 1899.

first two questions. Taking them, however, in their order:

First.—Cost of production. The management of each new combination has the advantage at the outset of comparing manufacturing costs in a number of different factories and adopting for all the most advantageous methods. In addition to this, the concentration of manufacturing, ample capital, ability to buy cheaper, lessened cost per unit of superintendence, and many other causes which enable the larger manufacturer to produce cheaper than the smaller manufacturer, certainly enable these enormous combinations to work at lower cost than the average manufacturer, and generally at as low, or lower, cost than large single factories.

Second.—As to distribution. Under the new system, producer and consumer are brought closer together. Services of salesmen are, to a considerable extent, dispensed with, cross freights, often a very important item, are saved, and altogether the economical balance is undoubtedly in favor of the new system.

Third.—Effect on wages and labor. Recent advances in wages have been due to commercial activity, and not to the trusts, and the ultimate effect is a matter of opinion.

The new system is likely to employ the same number of workmen at equally high wages, and their employment will probably be more stable, as there is less liability of corporate insolvency, or of overproduction, followed by idleness. I think labor will fare better, and can make better terms under large

corporations and broad, trained men, than under the single factory system, where most manufacturers think they are forced by competition to pay as little as possible. The relations of capital and labor are being better understood and settled, and are to-day usually settled more satisfactorily for the men by large employers than small ones.

On the other hand, the new system reduces the number of salesmen, and to a less extent office clerks, but both these bear a trifling relation in numbers to manual laborers, and their loss of employment occurs during a period of prosperity where most of those thrown out can soon find new positions.

Fourth.—Effect on prices. The past does not supply statistics. Standard Oil and Sugar operated under different conditions. Commercial activity has brought advancing prices, articles not controlled by trusts—such as tin, copper, and iron—rising equally with trust articles, and it is impossible to say what, if any, part in the general advance has been due to trusts.

Trusts are subject to the same natural laws of trade as individual manufacturers, and their greatest danger—excluding bad management—lies in possible competition. Good business management and self-interest require them to maintain prices at such a moderate level as will not invite competition and at a lower level than has ruled hitherto. It is reasonable to conclude that the ruling price of nearly any manufactured article for a term of years has been such as to leave the average manufacturer a

profit, and that if the trusts should fix prices at figures leaving a profit for the average manufacturer they would simply be overwhelmed with competition. They absolutely must fix prices lower, and in doing so they share with the public the economies due to their operation.

These remarks apply to trusts in general; there are exceptions, such as those enjoying a monopoly through ownership of patents, control of raw material, and also through excessive tariff protection. Business interests are best left as free and unfettered as possible, and, speaking broadly, they are much better regulated by the natural laws of trade, to which they are subject, than by legislation.

To sum up, if my conclusions are correct, and I think they will appear reasonable to the fair minded, the well-managed trust can produce cheaper, and market its product more economically, and will, presumably, pay as good wages and sell its manufactured products cheaper than heretofore. Under these conditions they are correct economically and an advantage to the country and its people. Much stress is laid by opponents of trusts upon the suppression of individual effort, which, I think, deserves little attention, and also upon the suppression of competition, which, however, is not suppressed, but dormant, and exists ready to assert itself under proper conditions. A great deal of competition which is wasteful and useless is set aside.

One very important consideration favoring our trusts is their relation to the export trade and foreign competition, and their probable ability to pay

American wages and compete with foreign manufacturers employing cheaper labor.

Instead of adopting restrictive legislation to control trusts it would appear ordinary common sense to await further developments and give them a chance to adjust themselves to their surroundings and demonstrate their usefulness or otherwise.

NOTE.—When this article was written the country had become alarmed at the enormous scale upon which the consolidation of industrial corporations and the formation of so-called trusts was proceeding and there was a general demand for restrictive legislation, such demand being generally for legislation that would prevent the organization or legal operation of these industrial corporations, and even the milder proposals were designed to discriminate against the operation of the combinations in favor of single companies. It was under such conditions and against such legislation that this article was written. Since then, the new economic conditions which these great industrial corporations represent have been generally accepted, and through much discussion in magazines and newspapers, the report of the Industrial Commission, and other writings, scientific and otherwise, their operation has become so well understood that legislation, if any be necessary, would be on moderate and just lines, and could now be safely undertaken.—W. R. P.

LABOR UNIONS

BENEFITS OF LABOR UNIONS

BY JAMES BRONSON REYNOLDS

I DESIRE to offer a brief statement, drawn from my personal experience and observation, of what I regard as the chief benefits of trade-unions, both to their members and to employers.

BENEFITS TO EMPLOYED.—I would specify three classes of benefits which unions give to their members. The first is the immediate, material benefit for which the union is organized, namely, a fair working day and as high wages as possible. If you find a trade with short hours and good wages you may be sure that it is one whose workers have been organized into a union. If the hours are long and the wages small, you may safely infer that the trade is either unorganized or weakly organized. The only exceptions are a few very highly skilled trades where organization may not be necessary to secure a monopoly of labor.

Those who call themselves the advocates of non-union labor should remember that the union secures the hours of labor and the standard of wages by which the non-union man is benefited equally with

the union man. I know no means by which reasonable hours and a fair rate of wages can be secured and maintained in a trade except by organization, and I regard the realization of the value of organization in any trade as a fair test of the intelligence of the men engaged in it. Organization for the protection of common interests and common rights is a product of civilization. If unions are sometimes narrow or arbitrary the remedy is not the abolishment of the union, any more than anarchy is the remedy for bad government. The remedy for bad government is good government, and the remedy for bad unions is good unions. In any case organization is the road to improvement and progress for the wage-earner.

Further material benefits from trade-unions are found in the efforts of the unions to secure the safety of their members in the use of dangerous machinery, in the maintenance of good sanitary conditions under which the work shall be performed, in the granting of out-of-work, sickness, and death benefits. A labor union is also an employment bureau, and its officers spend no little part of their time in securing work for members out of work.

The second benefit of a trade-union to its members is that the union seeks to maintain permanent employment. A well-organized union is always opposed to strikes except as a last resort. The strength of a union can be judged by the frequency of strikes in the trade. Labor leaders, as a class, are opposed to strikes, and prevent many labor difficulties of which employers are not aware, and for

which the leaders receive no credit. This statement may be a surprise to some and may be denied by the enemies of trade-unions, but it is nevertheless true. As union officers are not connected with the shop in which difficulties arise, they are usually free from its prejudices and its irritations. There have been many instances where they have kept men at work, where "hotheads" would have caused a strike and would have involved their members in loss. Employers who indignantly resent what they call the intrusion of outsiders in the management of their own affairs would do well to consider this statement. This service of labor leaders is neither known nor appreciated as it deserves to be. The unreasonable demands and overbearing manner of a few are taken as characteristic of the class.

The third benefit of a trade-union to its members is the moral benefit. Unions in the technical trades demand tests of efficiency from their members. Some also demand the maintenance of a certain standard of technical efficiency, and many scrutinize moral character. The officers of a union who find a member repeatedly out of work and constantly coming to them for another job are sure to advise him to do better work and warn him against the results of dissipation. Hence unionism, though not encouraging competition between the members, does encourage good character and good work.

BENEFITS TO EMPLOYERS.—The benefits of a trade-union to the employers have been recognized by a few, grudgingly admitted by some, and doubted by many. But I am convinced that it is as

certainly to the advantage of the employer to deal with a union, rather than with unorganized bodies of working men, as it is to the advantage of the men to belong to the union. The first benefit to the employer who wishes to learn the real cause of his difficulties with his men is that he can deal through the union with their own chosen representatives, who, as a rule, are best qualified to speak in their behalf. Not being dependent upon the employer, the leaders are able to speak frankly and freely, and the root of the difficulty can be reached more quickly through them than through the workers who constantly fear that their complaints may cause the loss of their jobs. Second, employers often indignantly declare that they are always willing to meet their own men, but do not admit the right of outsiders to "interfere in their business." Without discussing the economic questions involved in that proposition, but considering the case merely from the employer's point of view, I believe the prejudice is short-sighted. The employer needs to learn the real cause of the difficulty in his shop from those best able to express it and who will be free from personal prejudice and local bias. The labor leader knows how to handle his own men, is not deceived by their attempt to give an incorrect statement of the case, quickly sifts the evidence, and, because of his experience, is an expert representative of the laborer's point of view. If the employer is willing to meet his men fairly, he cannot find any one so well qualified to help him settle the difficulty justly to both sides as the accredited leader of an organization.

Third, the employer is immensely benefited by the conservatism of the experienced labor leader. Unorganized bodies of men are much more likely to strike hastily than if directed by experienced leaders. Of course there are leaders who involve their unions in unnecessary strikes, make negotiation with the employers difficult, exercise a bad influence over the men, and are generally unworthy of respect or confidence. But the true character of such men is sure in time to be discovered. A union will not keep a leader who does not "hit it off" with the employers, and after pretty regular attendance for a number of years at the Central Federated Union of New York, I am convinced that no men undergo more frank and searching criticism than labor leaders. My opinion is that while some unworthy and dishonest leaders are unwisely trusted by their organizations, in the majority of cases it would be better for the men if they more thoroughly trusted their own chosen leaders. Distrust of their leaders is the greatest weakness of labor unions. While a few so-called "walking delegates" may be untrustworthy the majority of them are reliable and hardworking, having less leisure than the men whom they represent. The labor leader who works sixteen hours a day to secure an eight-hour day for his men is not consistent with his principles, but he is entitled to the respect of his organization.

NEED OF INDUSTRIAL ARBITRATOR.—Finally, I desire to call attention to one important defect in existing relations between employer and employee. In former days, when there were no large employers,

the small employer constantly associated with his men, worked at the same bench, and often ate at the same table. At the present time, with the continually increasing centralization and development of great industries, the employer may not know any of his men. The employer's manager may also not know any of his men, and it is only the manager's general foreman who will come in touch with them. Hence, it is frequently only the deputy of the employer's deputy who maintains personal relations with the workers. When such a situation is created it is not surprising that misunderstandings and mutual distrust arise. When such misunderstandings have arisen, if the employer sends for his general foreman and for representatives of his men, the general foreman is immediately on the defensive, because the difficulty can only be regarded as a criticism of his administration. The men are shrewd enough to be aware that, while the employer may be truthful in stating that he is anxious to remedy any real grievances in his factory, if the immediate wrongs are righted, they will be again at the mercy of the general foreman. In a few months possibly some men are likely to be dropped from the pay-roll as unsatisfactory. The employer will have forgotten that these were the men who formerly stated their troubles to him, but the men will not have forgotten that fact and one such lesson will be sufficient. I therefore believe that it would be a great gain, financially and otherwise, to large employers to have as a part of their staff a permanent industrial arbitrator. This representative should be

independent of the manager and general foreman, and directly responsible to the employer. It should be his business to be thoroughly posted regarding the conditions of the working men in their homes as well as in their shops, acquainted with their leaders, and also intelligently acquainted with the general administration of the work from the employer's point of view. Such a representative must not be a cheap man. He must be well paid, and the dignity of his position clearly recognized. He must be a man with a sound grasp of the complex conditions of social life and of their relation to industrial difficulties. He must have a clear head and be able to grasp a difficult situation and offer a practical remedy. I am confident that thousands and even millions of dollars have been lost in labor conflicts, when the whole difficulty was due to the ignorance of the employer regarding the exact situation, and to the hostility of the men towards the employer because of an overbearing manager or general foreman who did not represent the real attitude of the employer. The industrial arbitrator is, therefore, in my opinion, the factor most needed at present for the promotion of industrial peace.

LABOR UNIONS

LABOR UNIONS AND STRIKES

BY SAMUEL GOMPERS

THERE is no necessity to worry about how labor and capital can be reconciled, for they are one and the same. How the *laborers* and the *capitalists* can be reconciled is entirely within the scope of proper inquiry; and to this all students of economics and devotees to the social welfare may well give their best thought and attention. And this inquiry may lead to the conclusion that despite the clamor which we hear and the conflicts which occasionally occur, there is a constant trend toward agreement between laborers and capitalists, employed and employer, for the uninterrupted production and distribution of wealth, and that, too, with ethical consideration for the common interests of all the people.

STRIKES.—No body of men deplores strikes more than do the organized workers. One of their chief aims is to endeavor to reduce the number, if not entirely to obliterate strikes; but thinking men have no sympathy with the unqualified condemnation with which the dilettante in society, the professori-

ate, the open and covert enemies of the workers, denounce them.

A strike or lockout is a disagreement between the buyer and seller of labor power in order to arrive at what each or both may determine to be a more rational and equitable condition upon which production and distribution shall proceed. There has never yet been full harmony between the buyers and sellers of anything in this world. When a strike or lockout occurs, wages and production are not destroyed; they are deferred. Since the era of modern industry, there have always been periods or seasons of great activity and industry, followed by periods or seasons of stagnation and idleness. Strikes simply defer the production from one season to another. Production in the aggregate of an entire year has never yet been diminished by a strike. Organized workers seek to reduce strikes by being the better prepared for them.

Strikes of unorganized or newly organized workers always arouse the greatest bitterness on both sides. The employer who has been master of all he surveys looks upon his employees as servile servants, the slightest request or protest from whom is taken to be an attack upon his prerogative and privilege. To him it is dictation, which he resents in the most autocratic fashion. The unorganized or newly organized workers have always looked upon themselves as entirely impotent, and therefore unable to secure any redress for any wrongs which may have been inflicted upon them. Their comparatively low condition and their sufferings have made them

desperate; and in their unity a new-found power dawns upon them, the situation is completely changed, and they regard their employers as powerless to resist any demand, and themselves as almighty. After the first contest, both have learned a lesson; and if the workers maintain their organization, each finds that neither side possesses all the power nor all the responsibility. They have mutual respect for each other, and enter into mutual agreements.

The best organized workers, those who are better prepared to enter into strikes or to resist lockouts, are those who have least occasion to engage in them; and yet they are the greater beneficiaries from modern civilization in the form of higher wages, shorter hours of daily labor, Sunday rest. They attain a higher plane of morality, economic, political, and social independence.

The thousands of agreements reached, the many more thousands of strikes averted through organization, are lost sight of by the sophists and superficial observers, and strikes are regarded as the sum total, the Alpha and Omega of the labor movement, when, as a matter of fact, as already indicated, strikes are a few of the failures to agree on terms upon which industry shall be continued.

While some may assert that the strike is a relic of barbarism, I answer that the strike is the most highly civilized method which the workers, the wealth producers, have yet devised to protest against wrong and injustice, and to demand the enforcement of the right. The strike compels more

attention to and study into economic and social wrongs than all the essays that have been written. It establishes better relations between the contending parties than have theretofore existed, reconciles laborers and capitalists more effectually, and speeds the machinery for production to a greater extent, gives an impetus to progress, and increases power.

If one were to take seriously the bitter attacks which are made upon strikes and trade-unions, we would imagine ourselves in the midst of barbarism, and the United States the last in the procession of the industrial nations of the world. There exist organizations in China, bound by oath and superstition; but there is no organized labor movement there. Centuries of hunger have stultified the race, not satisfied it. It has curbed and compressed them, not expanded or broadened them. Servility and physical cowardice are their attributes. China is "a country without strikes"; and so long as our present industrial system shall last, a country without strikes must of necessity be like China, or tend toward that goal.

Language fails me to express how earnest are the organized workers in their desire to avoid and to reduce the number of strikes; but as one associated with the labor movement of America and who has given more than thirty years of life to the study of economics, the history of the struggles of the workers of the world, who has participated with them in their glories as well as their defeats, I am happy in being in mental company with Abraham Lincoln when he said: "Thank God, we have a system of

labor where there can be a strike. Whatever the pressure, there is a point where the working man may stop." I trust that the day will never come when the workers, the wealth producers of our country and our time, will surrender their right to strike.

The attacks on labor organizations and strikes are repetitions of the old *laissez faire* cry of "Let well enough alone," which is as old as the hills, and just as easily susceptible to an advance step or a progressive thought. The same cry went up when women in England, half naked, worked on all fours in the mines, and seldom left the mines except to give birth to a child and to be returned to the clay from whence they came. In the early part of this century, when the organized workers made the first attempt to secure relief from or a remedy for this brutal condition of affairs, the same cry went up from the faddists, theorists, and effeminate men. Then, as now, even some of the dignitaries of the church held up their hands in holy horror, and denounced the attempt of the labor organizations to secure Parliamentary relief, and declared that it was an attempt against the Divine Will to prevent these women from earning their bread. The quickened conscience of England's law-makers was aroused by the mighty protest of the toiling masses of that country, and the barbarous practice was abolished.

In our own country, the attempt made years ago to save the women and children from the mines and mills and factories and workshops was met with the same hue and cry; and now we are met with the

same protest, and from the same source, when we are attempting to save the children of the Southern States from the brutal greed and avarice of dividend maniacs, not only those who are resident in the South, but and more particularly Northern and Eastern holders of securities in the Southern mills. The same crass ignorance and vile avarice prompted the Alabama Legislature six years ago to repeal the law limiting the labor of children under twelve years of age to sixty hours a week.

The strike of the textile workers of Danville some months ago for the maintenance of the ten-hour-a-day law of Virginia was resisted by all the powers that could be brought against the men and women there. When, in the language of that departed statesman, "all the resources of civilization" were brought into play, the finer art of slow and cruel starvation was used as the means of defeating those who stood for right and justice and humanity.

In this world of ours those who do not make themselves heard have no grievance to redress. Those who are not willing to bear burdens and even temporary sacrifices in striking for their rights may be given a passing word of sympathy; books and essays may be written upon social inequalities and the awful condition of the slums; but they are usually "passed by on the other side," and left in their squalor and misery. The workers or the people of a nation who, knowing their rights, have the courage, the fortitude, and the willingness to assert and defend them, are always the most respected among the peoples on the face of the earth.

For more than twenty-five years the miners in the anthracite coal regions were being degraded. Who gave them attention but the organized workers? When at last, through the efforts of organized labor, the miners were aroused from their lethargy, determined to strike, and did strike, despite the popular notion that they had lost all courage and would not strike, 170,000 of them gave notice to the world that if coal was to be mined the men were entitled to at least a living wage as a condition precedent. Universal sympathy was aroused in their favor, and it resulted in a concession and a victory which all the world agrees made for the social and moral uplifting of the entire communities in which the miners lived.

LABOR UNIONS.—Organized labor stands for

(1) Organization;

(2) Conciliation;

(3) Arbitration.

We know that without organization, conciliation and arbitration are a delusion and a snare.

The combination of the employers, the wealth possessers of America, has progressed at a very rapid rate. The workers have no fear because of these combinations. They are realizing that, in order to protect and promote their interests to-day, and to safeguard their liberty and freedom for the future, it is essential for them to unite and federate. And out of the two united forces there is a constantly growing tendency toward mutual agreement, these agreements lasting for a stated period during which industrial disturbances are avoided, while rep-

resentatives of both sides engage in adjusting the differences arising from the constant transition in machinery and methods of production, when they meet annually or biennially to discuss the conditions upon which industrial peace may be continued for a like period.

The workers are sometimes accused of unwillingness to concede. To this we answer that so far as it is possible the workers ought not to concede; in fact, they have so little that they have exceedingly little to concede. The cry of the toilers is for, More! The organized movement of the workers is to obtain more of the advantages which result not only from their labor, but from the combined genius of the past and present.

The movement of labor began with those who, through the rudest form of association, pledged to each other the effort to lighten their burdens, mitigate their woes, and resist the common oppressor. It has moved along with the increased aspirations, wants, and demands of the most intelligent among us.

None will dispute that the trade-unions represent the most moral and intelligent of the working class, and that they represent the highest practical hopes, and aim to achieve them in the most reasonable and civilized manner.

All really educated and honest men admit that the thorough organization of the wage-workers tends to render employment and the means of subsistence less precarious, and secures a larger share of the fruits of their toil. It reduces the hours of labor,

and gives more time for physical and mental culture and more leisure for the attainment of the highest attributes and noblest aspirations.

Organized labor helps to reduce class, race, creed, and political prejudices. It aids and supports its fellow-workers morally and financially. It raises wages and lowers usury. It fosters education and uproots ignorance; increases independence and decreases dependence. It develops manhood and balks tyranny. It shortens hours of toil and lengthens life. It lightens and brightens man. It establishes fraternity and discourages blind selfishness. It makes manhood more independent, womanhood more beautiful and healthful, and childhood more hopeful and bright. It cheers the home, and tends to make the world better.

Unions of labor endow the workers with individual dignity and individual freedom. The unions prescribe a minimum living wage; not a maximum wage. They insist upon a living rate, and never hinder an employer from rewarding superior skill or merit, the charge of labor's enemies to the contrary notwithstanding.

American labor has been clearly demonstrated to be the cheapest in the world, in spite of the higher wages prevailing here; the cheapest because the most efficient, intelligent, alert, conscientious, and productive. American manufacturers have conquered the markets of the world, and have defeated their competitors on the latter's own ground; and yet a sycophantic press would have the world believe that the most skilled, the most progressive

American workmen, those organized into unions, have sacrificed their dignity and individuality, and levelled themselves down to the least capable. Never was America's foreign trade so stupendous as now, and never was labor better organized or more alive to its interests than in our day.

Where are the evidences or manifestations then, of harm done by organized labor? Production has more than kept pace with population, or the growing demands at home and abroad.

The toilers will contend for full and unqualified recognition of all their rights. They will win in the future as they have won in the past. Nor will they transgress the limits of legal and strictly industrial warfare. There has not been a school of political economy in any era of our industrial and commercial life that has advanced the wage-earners one jot in their material interests. It has been the persistent plodding and sacrifices of the organized labor movement which have secured for the workers a general discussion of their rights and their wrongs, and have given the keynote and proven the open sesame to the students in all walks of life. These have opened up a vista of knowledge to men, and mentally disenthralled all. To-day every proposition of a political, social, or moral character must have its sound basis in economic causes and their results to the toilers. In this era of industrial development and concentration, each individual worker acting for himself is accorded no rights or consideration. His share in the result of the product of his toil depends upon the generosity of the average employer, a basis

so preposterous that no reasonable thinking man can defend it.

COMPULSORY ARBITRATION.—Some, well-meaning, and others not quite so friendly disposed, have urged upon the workers compulsory arbitration[1] as a means to end industrial strife. The most pronounced advocate of that system in America is one who, though well-intentioned, has in turn advocated as many different remedies for our social ills as the human mind has evolved, and has written successively to the utter confusion of his previously proclaimed theories. Another, who advocates compulsory arbitration for New Zealand and is loud in its praises, hesitates in his advocacy of its acceptance in the United States; while the author of the law in New Zealand recently declared that it must be either curbed, modified, or repealed.

It may not be known to the advocates of compulsory arbitration that in the fifteenth century there was a species of compulsory arbitration in vogue in Great Britain, where the courts determined the wages and conditions of employment. To the student of history it is an open book that the workers of Great Britain in that time were practically enslaved; that industry was hampered, and that only through violent revolution was a change brought about by which the laborers were permitted to quit their employment at will; and from that revolution by slow and painful processes the industrial progress of Great Britain has developed.

[1] The subject of compulsory arbitration is treated more fully by Mr. Gompers in an article printed in the appendix.

Compulsory arbitration is the very antithesis of freedom and order and progress. On the one hand, it would mean confiscation of property; on the other, it involves slavery; and the enforcement of either or both of these is the beginning of the end, the death-knell of the industrial and commercial superiority of America.

No one pretends that our present industrial life is an ideal one, but that it is the best that has yet been evolved in the history of the world no sane man will deny. The organized labor movement, the industrial and commercial advancement to which we have attained, even by our crude methods, ought to be a sufficient answer to those who imagine they can cure all the ills of mankind in the twinkling of an eye by a patent process or by the enactment of a law. The point of success and superiority which we have reached, together with the bungling which the politicians, misnamed statesmen, have made of any attempt to deal with industrial affairs, ought to be a sufficient warrant to all earnest, right-thinking Americans to insist that at least the industrial affairs of our people ought to be kept free from political jugglery.

Despite the progress made and the vantage position we occupy, the hearts of all sincere men yearn for the better day when the industrial strife and bitter feeling engendered by our economic development may be assuaged. In hoping and striving for that time, it is a libel upon the efforts of all to disparage and discredit the successes already achieved. Each effort made and thought given in solving the

problems which confront us day by day is tending toward the goal for which the whole past of the human race has been but one continuous preparatory struggle. Encourage the organization of the workers, help to make the path of progress easier, and lift up the hands of those who are endeavoring to bring about economic and social progress upon the lines of least resistance, conforming to the very best thoughts and efforts for practical amelioration and final emancipation.

NOTE.—Students are referred to *Six Centuries of Work and Wages*, by Thorold Rodgers; *Modern Trade-Unionism*, by Sidney Webb; the books and pamphlets on trade-unionism; the *Philosophy of Trade Unionism; Efficiency of Trade-Unions;* pamphlets on the shorter work-day; the *American Federationist*, all published by the American Federation of Labor.—S. G.

LABOR UNIONS

RESPONSIBILITY OF LABOR UNIONS

BY DANIEL J. KEEFE

THE International Longshoremen's Association was organized in 1893 for the purpose of bettering the condition of longshoremen by supplying the various local bodies with uniform conditions as to the scale of wages, as far as practicable, of eliminating abuses, of adjusting the many and frequent differences that are prone to arise, and of elevating the standard of the members, morally and intellectually. At the outset we encountered much opposition, due principally to prejudice on the part of the employers, who refused to recognize or meet with the committees of our members, feeling that we were irresponsible, and that no agreement or arrangement could be entered into that would bind us or compel the organization to respect its obligations.

The low estimate in which the average dock worker was held was, in a measure, responsible for the lack of confidence on the part of the employers. This condition was largely due to the lack of uniform business methods, or, I might add, the absence of methods, as well as the lack of restraint on the

part of the men, and the excessive or exorbitant demands made when the employers were found to be at the mercy of the local workers.

The fact that the labor of a dock-worker requires great physical strength and endurance does not necessarily imply that the dock-worker must be low in the scale of intelligence. While the calling does not require a high grade of intelligence, yet the high wages incident to organization have raised the standard of the dock-workers so that their ranks to-day number many mechanics whose trades do not offer the compensation of the dock-worker, as well as many mechanics whose trade, owing to the introduction of labor-saving machinery, has relegated them to common laborers. Again, it is a well-known and recognized economic truth that the higher the wage paid to any trade or calling the higher in proportion is the intelligence of the worker.

To-day, to demonstrate how our organization is regarded by employers, who looked upon us formerly as irresponsible workmen, we can point with pride to a host who are the warmest friends of our organization, and who respect any agreement we make, with the feeling that no unfair or undue advantage will be taken by the dock-worker who is a member of our organization.

The longshoremen's or dock-workers' organization is one of the few institutions that meets with its employers in joint conferences or conventions to settle questions of wages and other conditions, to remain in full force and effect for a certain period. And we can say, without fear of contradiction, that

we have had very little dissatisfaction found on the part of the employers on account of our failure to carry out such agreements. In our different arrangements that cover the various kinds of dock work we always have a clause inserted, "that, in the event of any dispute arising between our men and their employers, the men will continue to work without any strike or lockout until such time as the differences are adjusted by arbitration, as provided for in said agreement."

There is no question about the arbitration being a success, as the arbitrators are selected as follows: "The employees to select one, the employers to select one, and they two to select the third arbitrator; but in the event of their not being able to agree on the third arbitrator, then each side shall select a disinterested arbitrator, and those two shall select the third arbitrator. The finding of the majority to be final."

The longshoremen's organization has insisted on all its agreements being carried out in both letter and spirit. To illustrate the fairness with which the longshoremen deal with their employers: we have in the port of Buffalo a local union who violated their agreement with their employers during the month of July, 1900, while a convention of longshoremen was being held in Duluth, Minn. The matter was brought to the attention of the convention, and it immediately notified our local representative to furnish men at our expense to take the places of our men who had violated the agreement, and they were not members of our organization.

We had another instance of violation of the arbitration clause by one of our locals at the port of Cleveland. The organization instructed the men to return to work and submit their grievance to arbitration, which they did. The arbitration board rendered a finding in favor of the men. Those were the only two violations of any consequence that occurred during the year of 1900.

We contend that when the employers will meet with their employees in joint conferences and conventions, discuss the questions of wages and other conditions pertaining to their mutual interests fairly and freely, and after due and careful consideration enter into an agreement, which agreement shall guard against any strike or lockout and provide that all differences shall be adjusted by some method of arbitration, a long step in the right direction has been taken. For during these discussions the employers and employees can become acquainted with each other and understand that their interests are mutual, and that they are not watching to take any advantage that may offer of each other, but, on the contrary, are ready to co-operate with each other and bring about the very best possible results for all parties concerned.

When the employer can understand that his employee is not awaiting the opportune moment to take undue advantage of him by compelling him to comply with unreasonable and exorbitant demands, and the employee, on the other hand, can understand that the employer is not trying to reduce his condition to slavery by paying only starvation wages and

taking any other advantage that might offer to reduce the condition of his employee—when this thing can be understood, which there is no doubt in my mind that it can be if the employer will meet with his employees, and give the employees an opportunity to present their demands (the employer, on the other hand, will have the same opportunity to show his employees that the conditions will not permit of his complying with their demands), there is no question that a great amount of friction will be prevented.

LABOR UNIONS

LABOR UNIONS AND THE LIVING WAGE

BY HENRY WHITE

WHILE other contributors have courageously labored to solve what is called the labor problem, I will have to vary the discussion somewhat by disclaiming any such intention, and for the obvious reason that I do not consider the problem solvable. By a solution I mean a particular way out of the present dilemma, a method of putting an end to industrial strife through such an adjustment of our economic relations as would remedy social inequalities and insure lasting peace.

Salvation, as I see it, does not lie in any social scheme or plan. I have no faith in set theories or doctrines which promise quick and sweeping results and which ignore the tedious growth of society as taught by five thousand years of history. Consider what sacrifice and struggle are necessary even to achieve moderate reforms. If we attain all we now strive for, who can foretell what our desires will be to-morrow and what problems may in consequence arise? Where is there a limit to our ambitions and who will attempt to prescribe it? The workmen of

a thousand years ago would probably have felt contented with what we now have. Our very discontent is due to the larger conception of our possibilities, to the widening of our horizon, and is in itself healthful, as it indicates a longing for something better. There is such a thing as a rational discontent.

Instead of a solution, I hope for less injustice, more humanity, for a larger participation by the average person in the benefits of civilization. The influences which make for genuine progress are those which advance education, promote morality, stimulate self-reliance, and arouse higher aspirations. The hope for a higher social order must depend primarily upon the perfection of the individual rather than upon a plan for remodelling society. There is no short cut to emancipation, and social growth cannot be forced, although I do not wish to depreciate the value of favorable environment.

It is the improvement of the individual, both as to character and capacity, and the influences which aid it, with which I am primarily concerned. Our body politic, like the human body, is so complex a subject as to border upon the infinite. Those who pretend to know, and who in either case attempt to prescribe, positive cures for its ailments, we distrust. We instinctively prefer the cautious physician, who carefully diagnoses every separate case as it presents itself, before venturing an opinion, and then applies the best remedy known to medical science. To administer to the health of the social organism, is a similar undertaking. There are well-known rules of

health, the result of accumulated experience, which point out what to do. Meagre as these rules are, they are nevertheless a guide, and the only one we know. It is the conditions which encourage a healthful growth that deserve the first attention; the rest we can attend to as we proceed.

The one great factor rapidly changing the status of the wage-earner and enlarging his capacity and moulding his character along new lines is that of association. It is the ability to act concertedly that distinguishes the workman of the present day. Until a few generations ago the laborer was a dependent, and accepted the conditions imposed upon him without complaint. History hardly makes even a reference to the great body of toilers who constituted the most useful element in society. They were but detached units and without a voice. It was for them to toil and reproduce and furnish the material for the armies. In the impressive words of Markham, they stood "stolid and stunned, a brother to the ox; a thing that grieves not nor hopes."

The coming together of the workers in larger groups has developed a common interest among them, and the subjection to uniform conditions which single individuals cannot alter has encouraged common action. Their relation to the employer having become less personal and intimate, they are enabled to understand that the employer naturally pursues his interests regardless of theirs, and that they consequently must uphold their own if they hope to counteract the tendencies bearing down upon them; that if they permit themselves to be

pitted against one another they will be held down to a common level. They have found that they have to bear also the brunt of the competition between employers, as the employer who can produce more cheaply obtains an advantage which induces the others to do likewise. To offset the influences which keep them close to the lifeline requires united resistance, and it is this resistance which epitomizes the labor problem.

For centuries it was held by economists, and is even now, that for the sake of national greatness and supremacy in the markets of the world it became necessary for the workers to subsist upon less in order that production might be made cheaper. In other words, they were called upon to sacrifice themselves for the rest of society, while interest, rent, and profit continued undiminished. The burden was always thrown upon them, because they lacked resistance, and only when they became troublesome were they considered. Improved machinery, while it also benefited them when the natural adjustment had taken place, for the time being shut them out of trades which they had spent a lifetime in learning.

The statement repeated so monotonously about "the natural harmony which exists between capital and labor" does not point to a way out of the difficulty. The inference is drawn from it that disputes between employer and employed are contrary to the natural order of things, and therefore unnecessary and harmful. The fact that these differences do exist and often reach such magnitude and intensity as

to threaten the security of society, proves that this supposition, if true, contains only a part of the truth.

Suppose you should say to the sweated tailor striking for a lighter task, or to the coal miner fighting the abuses of the "pluck-me store," "My man, this should not be, because the interests of capital and labor are identical"—or if you should go to the employers and use the same arguments, how would it appeal to them, and how much nearer would both be brought to an understanding? Would it not impress you that while in a general sense there is harmony between capital and labor, because both are essential to production, there is a conflict of interest somewhere, and that it is between the particular capitalist and laborer over the share each is to receive of the proceeds?

This explains the nature of the industrial disturbances and the difficulty of solving this grave problem. If perchance there was a way of determining how much of the results of industry each would be entitled to, the problem would be reduced to a question of arithmetic, but as under our complex system of production it would be impossible even to approximate it, the compensation of the wage-worker must needs depend upon his ability to cope with the employer. Without the ability to unite and limit the competition between the individual workers for employment, the "iron law of wages" of the economist must operate to keep wages down to the point which will barely enable him to live according to the customary standard of living.

In that event non-resistance would mean peace of a certain kind, and there would be no labor problem to vex us. The disturbance only occurs when the wage-earners are moved with the ambition to raise themselves in the social scale, and to share more largely in the benefits of progress. The vital distinction must be made between the peace of serfdom and peace obtained through compromise and adjustment between the two forces meeting on a footing somewhat equal. Where the wage-workers are so situated as to be able to enforce a demand or offer resistance, peacemakers can exert an influence helpful in mitigating the severity of the strife, in keeping it within bounds, and preventing unnecessary waste. Third parties can render service in that respect which would be invaluable, but it is a mistake to suppose that peace can be maintained by some preconceived plan of arbitration. A conflict can be avoided only where the apparent cost to both would be such as to make concessions expedient.

A condition approaching peace, involving at the same time the independence of the laborer, is possible only where the employer treats with his employees collectively and is willing to abide by the standards upheld by the union. Now that the permanent character of the trade-unions is being recognized, there is less disposition on the part of employers to try to destroy them, and a willingness to treat with them, as established and serviceable institutions, which is powerfully promoting the cause of industrial peace by creating more forbearance on either side.

Considering the status of employer and employed, the former represents the buyer of labor power, and as such can exercise the discrimination of one who goes into the market to buy when the supply is great; and the workman (the seller), pressed by immediate wants, cannot afford to put his living commodity on the shelf to await a favorable purchaser. There is little justice in a situation which compels one person to accept less for his labor because another person more hard pressed is willing, or rather is obliged, to work for less. In regard to the employer, his struggle, although often severe, is a matter of more or less profit. He has a large stake in view. With the laborer, on the other hand, it is a matter of mere subsistence, with want only a short way off. He must calculate upon periods of idleness, which bring suffering and despair. The privations of a strike are, therefore, his frequent lot, and while on a strike at least he suffers with hope of relief.

This will explain the militant character of the labor movement. Its whole object is to overcome the predicament of the workers by making it difficult for the employers to treat with them separately. It is offensive because there is much for them to gain and little to defend. It must force its way because it disregards precedents and established customs and seeks to create new and higher standards and strives to get away from the gloom of the past. It declares that prices shall be governed by fair wages instead of wages by prices. It sets up a new standard for measuring values. The movement is as

much social as it is economic, and is a part of the world-wide democratic movement the spirit of which it expresses. It stands for more than collective bargaining. It insists upon a living wage instead of a competitive wage—a wage commensurate with the state of civilization in which we have our being. Unless this fundamental difference between employer and employed is grasped and the character of the trade-unions understood, the meaning of the industrial strife cannot be comprehended.

As to the motives which actuate individual capitalists and laborers, there is no moral difference. It is the circumstances which cause conflict of interests and influence their conduct. When they chance to exchange positions, which frequently happens, they will fight just as eagerly on the side which they formerly opposed. There is, however, a great distinction to be made in the motives which influence numbers and single individuals. It is impossible for many to act together for a length of time unless they are moved by a high purpose or by a deep sense of wrong. They may be misguided, they may lack discretion, but their motive must always be worthy. When a person, in order to advance himself, is obliged to cast his lot with his fellows, so as to help raise the whole, his act becomes altruistic. The employer, on the other hand, however much he may serve society as an organizer or captain of industry, is so placed that his incentive is to use the opportunities at hand for personal gain.

As much importance as I attach to the labor movement, I am free to say that I would fear, in its

present status, its ascendency over society. Organizations feed upon power, for which they have an insatiable appetite. The interest of society is best served by not suffering any one power to dominate to such an extent that it could afford to defy public opinion or ignore the principles of justice. Stagnation always follows complete submission to a single authority. When the military or the Church held sway this was exemplified. When the State gained the ascendency individual liberty was suppressed, and again when the individual became stronger than the State anarchy followed. Judging from the unmistakable examples of history and from what has already been demonstrated, if trade-unions, like other bodies, were not checked at some point, the demands of the members would know no reasonable bounds. Leaders who would counsel moderation, as often happens, would be swept aside. This danger, however, is only remote, as workmen by the very nature of things could not insist upon demands which would cripple industry or eliminate profit. The consequences would have a sobering effect. At all events, the employer occupies the stronger position. If hard pressed he could always seek refuge in combination, and it is far easier for the influential few to combine than for the many. Power, it is true, lies with the masses, yet the people rarely unite their efforts or understand their common wants.

Trade-unions alone furnish the means for sustained and concerted action on the part of the majority. With all their faults and shortcomings, they

represent a great stride forward of the race. It is more important by far that the masses should forge ahead a little than for the few to advance a great deal. Society is stronger when the general average is raised; this is the prime essential of democracy.

Well-intentioned persons, instead of combating trade-unions, could devote their energies and talents to no better purpose than to help guide their development along such channels as would enable them to fulfil their greatest usefulness. The unions offer the channel in which discontent may express itself in a legitimate and orderly manner. Having suffered the consequences of ill-considered action they have been taught caution. The turbulent and extreme methods which marked the initial stages of the trade-union movement have given way to a moderate policy. The wisdom of relying upon small but steady gains is impressing itself upon the membership, and there is a disposition to work along the line of least resistance. This is creating a spirit of forbearance which augurs well for the future.

PART III

TRUSTS AND LABOR UNIONS FROM A LEGAL ASPECT

a. Control of Trusts.

b. Is it Necessary or Desirable that Labor Unions be Incorporated to Make Them Legally and Financially Responsible for Contracts and Agreements?

c. Could Labor Unions if Incorporated Rely upon Fair Treatment from the Courts? (How about methods of legal procedure; "government by injunction"; legal delays which put the capitalist at such an advantage as to amount to the denial of justice to the laborer, etc.?)

d. What Rights, if any, Moral or Legal, has the Workman in the Plant of the Work (comparable, for instance, to tenants' rights in land under British legislation in Ireland)?

SYNOPSIS

HOLT. Danger in both trusts and labor unions, lack of legal control—Law needed to control trusts—Supervision similar to that exercised over railroads in Massachusetts—Board of supervisors of corporations—Power to prevent fraudulent issues of stock—Authority to require periodical reports—Present laws adequate to control labor unions if enforced—Governors ultimately responsible for present non-enforcement—Government by injunction a serious evil—Courts of arbitration desirable.

LEAVITT. Government by injunction illegal—Dangerous in its effects—Courts stand for rights of property, not rights of men—Trade-unions if now incorporated could not secure justice—Ultimately incorporation desirable—Workmen have moral right in plant—Unions should more actively discountenance violence.

WARNER. Labor unions necessary—Tend to betterment of community—Better understanding of capitalist and laborer needed—Appeal to force condemned—Legal methods inappropriate—Arbitration casual expedient—Labor's share constantly increasing—Natural monopolies should belong to community—Principles of single tax valid—Right to work—Free trade.

LEGAL ASPECT

LAWS AND THEIR ENFORCEMENT

BY GEORGE C. HOLT

THE question how to promote harmonious relations between capital and labor is obviously not only the most important, but the most difficult question which confronts modern society. No sensible man can feel confident that the adoption of any particular measures would remedy the existing labor difficulties. What is needed, however, are not loose denunciations of the evil, but specific suggestions for a remedy. With a slight hope of possibly contributing something to such a discussion, I will state what seems to me to be the essential things which need correction and the practical measures which might be taken to correct them.

Most people, if asked to-day what are the greatest dangers which now menace the country, would reply that they are the trusts, or the labor unions, or both. What is the real cause of this universal apprehension of danger from these great organizations of capital and of labor?

It is a mistake to suppose that the intelligent part of the American public are hostile to great

corporations and trusts because of the immense aggregation of capital in them and the enormous power which this aggregation of capital gives them. Great power anywhere is dangerous, but it is only dangerous in a free government when it is uncontrolled by law. Under the rule of law great power is beneficent. Modern experience tends more and more to show that great accumulations of capital are essential to efficiency in production. Superficial observers object to the amalgamation of different factories into a trust just as they objected to the destruction of the hand-loom by the establishment of the factory; but the steady and resistless progress of the present age toward greater and still greater aggregations of capital in industrial enterprises is obviously nothing but the inevitable ultimate result of the invention of the steam-engine.

It is a still greater mistake to suppose that intelligent Americans are hostile to trade-unions because of the vast power which such organizations exert. Here again great power, rightly exercised, is in the highest degree beneficent, and more and more in recent years the conviction has grown in the community that working men's organizations, upon the whole, notwithstanding their faults and mistakes, have exerted a great influence for the protection and the improvement of the condition of those whom they represent.

The real cause of the general fear of trusts and of working men's organizations is the fact that they are not adequately controlled by law. They are institutions of vast power, capable of inflicting vast

injury, which the law does not completely control. All persons in this country are theoretically subject to the law, and almost all the persons and institutions existing in it are actually controlled by the law. The law, with its prohibitions and its punishments, in most cases deters wrong-doing in advance, or, when it occurs, punishes it; but the law in the case of both the large corporations and the trade-unions either practically contains inadequate provisions against frauds and wrongs, or, if it contains adequate provisions, provides inadequate penalties for their violation.

FRAUDULENT CORPORATION METHODS AND THE REMEDY.—Consider in the first place the case of ordinary business corporations in this country. There are, of course, very numerous instances in which such corporations have been organized and conducted by men of the highest character on principles of the highest business integrity; but, viewed as a whole, it may fairly be said that American business corporations have very frequently been fraudulently organized. Their stock usually far exceeds the capital paid in, and their bonds usually far exceed the money obtained upon their issue, and the issue of such stock or bonds and the sale of them to the public is simply a fraud. The laws under which business corporations are organized usually provide that the stockholders shall be liable to creditors if the capital is not fully paid in, but creditors are not the most important class in this matter. It is the public, defrauded by the issue of sham securities, and the workmen, defrauded by the claim that their

wages must be reduced in order to pay adequate dividends on watered stock, who are the worst sufferers, and for them the law affords no remedy for the dishonesty of the directors.

The absence, too, of any adequate means of investigating the management and ascertaining the actual condition of business corporations, leaves both the stockholders and the workmen substantially at the mercy of the directors. They act in secret. If they are guilty of any misconduct it generally can be concealed, and any assertions they make as to the condition of the business cannot be easily tested or disproved.

The universal belief, which such a system has created, of the dishonesty of the general management of business corporations in issuing billions of fictitious securities and in the conduct of its business in the individual interests of its directors, lies at the bottom of the mistrust of them by the people, and especially by the working classes. It has created a universal prejudice against them. In any dispute between them and their workmen most of the people of this country tend to sympathize with the workmen in advance of any investigation of the merits of the controversy, from a deep-seated conviction that the administration of the corporations of this country has been dishonest, and that they can well afford to treat their workmen better. Especially is this the case whenever a controversy arises about wages. Whenever a corporation asserts that it must reduce wages, or that it must deny an application by its workmen to raise wages, because

its earnings are insufficient, the universal reply in the minds of the workmen and the community is that probably its earnings would be sufficient to justify the wages asked if all its securities simply represented actual value received.

The fundamental evils, therefore, in the administration of American business corporations are that they have practically power to issue fictitious obligations and to conceal the actual condition of the business, and the first steps to take are absolutely to prohibit the issue of inflated securities and to enable any persons interested easily and accurately to ascertain their condition. To practically accomplish these objects there should be appointed in each State a board of supervisers of corporations, which, for convenience of administration, would undoubtedly be divided into sections, each having charge of the various kinds of corporations. No corporation should be permitted to do business or to issue securities of any kind except upon obtaining the certificate of such a board fixing the amount and character of the securities to be issued. The corporation should furnish legal proof of the actual value of its property, and the board should be vested with ample judicial power to investigate the actual condition of the company. Such a system in regard to railroads has been in operation in Massachusetts for many years. No railroad corporation in Massachusetts can issue stock or bonds except upon the certificate of the Railroad Commissioners of the State, which is only obtained after a judicial investigation of the value of the corporate assets. The result is

that the stock and securities now issued by Massachusetts railroad companies represent actual value. There is no reason why the same system could not be applied to the administration of all corporations. If such a law were established in this State and made applicable not only to all corporations thereafter created in this State, but to foreign corporations thereafter attempting to do business in the State, the whole system under which, in the last fifty years, billions of inflated securities have been sold to a defrauded public, and which, more than all other causes put together, has impaired American credit and embittered the relations between capital and labor, would be permanently abolished.

Authority should also be conferred on such a board to require periodical reports from all corporations of the condition of their business, and the board should have power in addition to examine the books and investigate the actual condition of such corporations. Banks, trust companies, insurance companies, and railroad companies have long been subject to such supervision and examination by commissioners appointed by the State, with excellent results. Why should not all corporations be subject to a similar supervision? What reason is there why the Chemical Bank or the Mutual Life Insurance Company should be under complete public supervision and control, while the Standard Oil Company or the United States Steel Company is not?

The Remedy for Strike Violence. — The most obvious ground for the apprehension with which many Americans regard the working men's

organizations and the cause which they represent is the disorder and violence frequently attending strikes. The trade-unions claim that they are not justly responsible for the violence which occurs, and their claim is probably, to a considerable extent, true. The great mass of American workmen are honest and law-abiding men, who have organized in unions, not for the purposes of disorder and violence, but for their own protection, and a great deal of the disorder attending strikes is undoubtedly due to a few rash and disorderly workmen, joined by all the disorderly element in the community. Whatever the truth may be in this respect, the violence and disorder attending strikes is an enormous evil, and it has a constant tendency to develop and increase. There is no higher duty imposed upon the officers of the law than to put an end to it. The question is, How shall it be ended?

The favorite remedy at the present time seems to be to immediately call out the troops and to suppress mob violence by military force without resorting to any other means of suppression. In my opinion there is something absolutely horrible in this very modern method of instantly calling out and using the military force to suppress the rioting and violence incident to strikes. It is a very modern plan. It seems to be an incident of the strange development of the military spirit in this country in very recent years. Formerly troops were never called out to suppress an ordinary local riot until all other means failed. In England the Riot Act was always first read, time was given for the crowd to

disperse, and the sheriff and his constables arrested the ringleaders and dispersed their followers, if possible. If ordinary force was not enough, special constables were sworn in, and it was not until all other means of suppressing the disorder failed that the magistrates took the terrible responsibility of calling on military force to fire upon the people. In recent years in this country as soon as a strike occurs the State militia are immediately ordered to the spot. If there is any actual fighting at all, it is usually a street fight in a crowded city, a form of fighting that calls for the greatest discipline and self-restraint on the part of the soldiers. There is constant danger under such circumstances that a spirit of revenge will seize the officers, or a kind of panic of self-defence will seize the soldiers, and an indiscriminate firing take place with terrible results. Of course, rioting must be put down, and if it is so serious that it cannot be put down in any other way it must be put down by military force; but no magistrate or executive officer who, without making any preliminary efforts to maintain order, calls at once on an armed military force to suppress mere local rioting, is fit to be intrusted with the enforcement of the law.

Another remedy has in recent years been invented: that of a suit in equity for an injunction to restrain acts of apprehended violence. This remedy is vastly better than an immediate call upon the troops. Any form of legal procedure is preferable in a free government to military force. But although the Supreme Court of the United States has substantially decided that in an appropriate case in

which the property or the operations of the Government are interfered with a court of equity can act, there still remain great practical difficulties in suppressing violence by such means. The process and methods of proceeding in a court of equity are ill-adapted to such purposes. The general principle has been well settled for centuries that courts of equity have no jurisdiction to restrain the commission of an apprehended crime, and it is still doubtful, notwithstanding the decision in the United States Supreme Court in the Debs case, whether any court of equity has jurisdiction to restrain apprehended mob violence when no property rights or operations of the Government are interfered with. At all events, whatever be the mere power of courts of equity to interfere, there are very weighty practical objections to their interfering. Such a jurisdiction is novel. The workmen of this country regard it as a modern device of courts and lawyers, acting in the interest of capital. Its exercise is creating a public prejudice against the judiciary, the results of which may be most deplorable. The trial of crimes by a jury, and not by a judge, is a legal right and has always been the custom in Anglo-Saxon communities. It is the best tribunal to try crimes ever devised. It acts promptly. It tests evidence by common-sense. It gives no reasons for its verdict. And, above all, it immediately dissolves, so that no public prejudice can form against it, as it can against any permanent judicial tribunal.

What, then, is the remedy for the use of violence in strikes? In my opinion it is the plain, old-

fashioned enforcement of the criminal law, by a jury in important cases and by police magistrates in unimportant cases. It is said that this method has failed. I admit that it has been largely disused, but that is the fault of district attorneys, sheriffs, police officers, and police magistrates. Most of these officers are politicians. They are never free from the fear of losing votes. As soon as a strike is settled they condone and ignore all the acts of violence that have taken place in it, and the community acquiesces. In the case of serious crimes the necessity of indictments and jury trials involves some delay, and these cases are usually ultimately abandoned by the district attorneys. I deny that the fault is with the superior courts or with juries. They will do their duty in such cases. The result of this neglect to prosecute those guilty of violence in strikes is that as soon as a new strike occurs all the disorderly element in the community feel that they can resort to any kind of violence with impunity. What should be done is to put down the disorder attending strikes in the beginning. Rioting is a crime by common law and by statute, and disorderly conduct in public places is a penal offence. If, at the beginning of the violence attending strikes, the police would arrest a dozen of the ringleaders, and the police magistrates would promptly send them to prison for a month, or even for a week, the rioting and disorder would soon stop. Criminal punishment does not necessarily need to be severe in dealing with local tumults. It should be prompt and sure, but it may well be light in such cases. And if light

punishments do not sufficiently deter, and more serious crimes are committed, the criminals should be speedily arrested, indicted, tried by a jury, and, if convicted, punished. In nineteen cases out of twenty a prompt and just administration of the common criminal law will put an end to disorder. This is the just way and the merciful way, not only to working men, but to the entire community. If the district attorneys, sheriffs, and police authorities do not repress the disorder, and refuse to do their duty, the Governor has ample and summary power to remove them and put men in their place who will. The true responsibility in all such cases rests ultimately on the Governor of the State, and he should be held to a strict accountability for the enforcement of the law.

If now, on the one hand, the great corporations which employ labor had to earn dividends only on securities actually representing capital invested, and full publicity was given to their administration of the corporation, and, on the other hand, workmen could not exercise any violence or intimidation to support a strike, many of the strikes which now occur would not take place. If a corporation could not afford to pay wages asked for or accede to any unjust demands, it could prove it. The great mass of American workmen have sense enough to know that their wages cannot be raised when the company is in fact not earning enough money to pay them, and that demands which are inherently unjust cannot be conceded. On the other hand, at the present time, the readiness of working men to strike for

an insufficient cause is undoubtedly increased by the fact that they know that a strike will be accompanied by violence and intimidation. Even if the organization is not strictly responsible for such violence, it knows that it will occur, and the fact that it will occur undoubtedly is a consideration influencing at least the more hot-headed and unreasonable members of the organization to try to coerce their employers by at least threatening a strike. A threat, however foolish, once made must in consistency be carried out, and in this way doubtless many indefensible strikes develop against the better judgment of the wiser workmen.

A COURT OF ARBITRATION.—But, of course, under any circumstances, controversies will always arise, to a greater or less extent, between the employers and the employed, and, as in all cases of controversies between any parties, the essential thing is to have an impartial tribunal to decide them, instead of leaving the parties to coerce each the other by brute force. The one method is the method of civilization, and the other of pure savagery. A court should be appointed to which labor controversies could be taken. It should not only be a court to which the parties could voluntarily submit controversies for arbitration, but it should also be a court into which either party could, if necessary, compel the other to come, like any other court of justice. If the parties to a labor dispute are individuals or corporations, of course there is no difficulty in conferring jurisdiction of their controversies upon any court. Some persons seem to suppose

that jurisdiction cannot be conferred over an unincorporated labor union or organization of any kind, but this is certainly a mistake. The law of this State permits any organization of persons more than seven in number to be sued in the name of the president, and there is no inherent difficulty in having any organization, whether incorporated or unincorporated, subject to the law. Most of the large express companies in this State are unincorporated companies, but there is no difficulty in their suing or being sued. No body of men can get together and organize for any purpose without having officers, and as soon as the organization has officers, process may be authorized to be served upon them and enforced against them. The idea that there is something mysterious about the trusts and labor unions by which the law cannot be made to control them is simply preposterous. The matter may be difficult, as all new applications of law to complicated situations are difficult, but it can be done. The court appointed should perhaps be, in the first instance, a court of conciliation. Possibly it would be better that it should have no power of itself to enforce its decisions. If its decisions are not complied with, it might be provided that applications could be made to the established courts to enforce them. There should, however, be power somewhere to enforce them, as a last resort. Law is not effective without power to enforce its decisions.

Suppose such a court established. How would it work? Take a simple case: for instance, a strike for wages. Suppose the court decided that the

corporation ought to pay the increase demanded. Why should not a court order the directors of the corporation to pay it and to agree to pay it in future, and, if they disobeyed the order, commit them for contempt? On the other hand, suppose the board decided that the increase demanded was unjust. Why should not a court order the committee of the union which ordered the strike to rescind its order and direct the men to go back to work, and, if the committee disobeyed the order, commit them for contempt? But, it will be said, you cannot order men to work if they do not want to work. Undoubtedly; but the handful of men whose order has caused thousands to stop work can be ordered to rescind their order, and if that is done in good faith the men would almost certainly return to work. If they refused, it would, in most cases, indicate that the committee, while in form obeying the order, had, in fact, secretly disobeyed it. But, in fact, the matter would not usually go so far. The decisions of the Railroad Commissioners, the Interstate Commerce Commissioners, and of similar boards, having no actual power to enforce decisions, are usually accepted and acted on voluntarily. A just and impartial decision of any controversy by a disinterested third party carries great weight of itself. And if that should prove insufficient, a few instances of imprisonment for contempt by a court which had the genuine respect of the community would have an immense influence. That would be a proper case for government by injunction, for the injunctions would be as often issued against the corporations as

against the workmen. The whole tendency of modern judicial decisions has been more and more to protect and enforce the just rights of working men and of labor organizations, and there can be no just ground for fear that under such a system the injunction would always go against the working men.

At all events some remedy must at least be tried. It is a disgrace to modern society that nothing efficient has ever been done to put a stop to the ever-recurring war between labor and capital. It not only causes enormous waste and loss, but it tends to anarchy and to ruin. This republic means not liberty alone, but Anglo-Saxon liberty, regulated by law. Any other kind of liberty leads to "the red fool fury of the Seine."

LEGAL ASPECT

RIGHTS OF PROPERTY AND RIGHTS OF MEN

BY JOHN BROOKS LEAVITT

THE point of view is often material. In this instance it is that of one who, by reason of a long line of professional ancestors, clerical, medical, and legal, began life with an inherited stock of conservatism, some of which he has had to exchange for more progressive views, because of the growing conviction that while individualism may provide the true remedy for the ills produced by the individual, yet there are evils which society creates and society alone can cure.

It is superficial to say that the State is merely a collection of individuals. It is indeed that, but it is more. There is a personality in an association of persons, a composite individuality, so to speak, which lives and moves and has its being distinct from them. The spirit which stirs a mass meeting or moves a mob is not merely that which animates each man. Hence the conservatism which preaches the improvement of the individual as the sole cure for social ills will never improve the world. *Via media* is always the safe way. It is because the cen-

tripetal and centrifugal forces of nature are in perfect equilibrium that the world moves swiftly, silently, successfully through space. If our social world is to do likewise we must balance the forces of conservatism and radicalism in some way that will give equal play to each. I find that balance in the idea that the individual must improve himself and society must improve itself.

If an illustration is needed it is to be found in the conduct of directors of corporations, who, when acting as a body, countenance theft, bribery, extortion, tyranny, lawlessness, trickery, and fraud, which as individuals each man would abhor. I find it in the breach of contracts by labor unions which individual workmen would deem it a point of honor to keep.

The old common-law saying that corporations have no souls is false. Corporations have souls. Governments have souls. Society has a soul. And society must see to the evolution of its soul, even as must the individual, if immortability—to use a word recently coined—is to ripen into immortality.

The particular questions to which I have been asked to speak are two:

First.—What rights, if any, moral or legal, has the workman in the plant of the work, comparable, for instance, to tenants' rights in land under British legislation in Ireland?

Second.—Could labor unions, if incorporated, rely upon fair treatment from the courts?

RIGHTS OF WORKMAN IN PLANT.—As to the first. In respect of legal rights of the workman in the plant, the answer must be in the negative.

Whether a workman who, by inducement of his employer, has bought a bit of the latter's land, and built himself a home in the prospect of permanent employment at the adjacent works, could, in the case of a "lockout," and on the principle that sauce for the goose is sauce for the gander, obtain a little of that judicial sauce styled "government by injunction," is an interesting inquiry, but it would lead us far afield. I can think of no other theory for the assertion of a "legal" right in the plant.

As to a moral right in the plant, it seems to me that the answer should be in the affirmative. Just how the moral right can be turned into a legal one, cognizable by the courts, is the problem for society to solve, and one which it must solve for its own preservation. I venture to think that its solution can only come through recognition of the principle that no man liveth unto himself. We talk of the rights of men when we ought to speak of the duties of men. We prate of the rights of property, and forget that many rights of property have been born of wrongs of men. Naked came we into this world, and naked must we go out.

Every man should regard himself as a trustee of that which he has been taught to call his own. His powers, physical and mental, are his "capital," but they are capital held in trust for the general welfare. The accretions of his capital, the products of his labor with hand or brain, which we call property, are part of the trust fund, profits of a trust, which he may not divert to his own use exclusively, but which he should manage for the best interests of the

beneficiaries—himself, his family, friends, neighbors, society in general. In the moral world it is not lawful to force a man to do what he will with his own. He must will to do right.

The theologians tell us that Christ's parable of the laborers in the vineyard was meant to teach a theological dogma as to the efficacy of tardy "conversion" in attaining future bliss. To my mind, our Lord intended a much more needed lesson in social economics. He had declared the Kingdom of Heaven to be within us, and when in that parable He likens that kingdom to a vineyard where men are hired at different hours of the day to labor, it seems to me that He was laying down principles in regard to the relations between capital and labor, which, however much at variance with current ones, would, if rightly applied, solve sundry problems. To the laborers whose idleness in the fore part of the day was only because no man had hired them, He accorded the moral right of a living wage, in the shape of a whole day's pay.

Political economists as well as theologians may stand aghast at this interpretation of the parable, but let us do some thinking along this line. Let us study this parable in the light of the idea that it has to do with this world instead of the next. The workman by his labor makes a contribution toward the value of the plant, as does the capitalist by his money or the inventor by his brain. Of what value is a plant when "shut down" or abandoned? That workman has, therefore, a moral right to a continuance of work in that plant at a living wage, and also

to an interest in the accretions by way of profits, which are the result of the combination of capital and labor in harmonious endeavor.

This moral right ought not to depend upon the whims or the fears, the wisdom or the foolishness, of one of the parties to the undertaking, but should, with due safeguards, have legal sanction. Is not the world dimly groping its way to a recognition of this principle? Is it not the duty of society to compel such recognition, by public opinion where it may, by legislation when it must?

INCORPORATION OF LABOR UNIONS.—As to the second question. My answer is, at first, no; in time, yes.

At present our courts are influenced too much by a regard for what are incorrectly called the "rights of property," and are sometimes a little too oblivious of the "rights of men." To a certain extent this may be traced to the general impression that juries lean too favorably toward employees. To offset that our judges are tempted to think that it is their duty to lean toward the employers. Nothing could be more dangerous to our institutions than a withdrawal of confidence in juries and putting it implicitly in judges. The latter are just as fallible as the former. Indeed, if the truth were told, our judges make more mistakes in deciding questions of law than do our juries in passing on questions of fact.

The growth of "government by injunction" is a pregnant illustration of the dangerous lengths to which our judiciary will go unless curbed by an en-

lightened public opinion. From issuing injunctions to break up strikes by working men they have gone on to granting them to break corners in Wall Street. From commanding strikers to stop lawful uses of the highway and the exercise of the right of free speech, they have begun to order this man not to marry or that man not to speak to his jealous neighbor's wife. The famous decisions of the Supreme Court in the Debs case can be searched in vain for any warrant for numerous subsequent injunctions, which can only fitly be characterized as judicial usurpations. That a writ which had its rise in kingly prerogative should be thus misused by judges under a republican form of government, is a matter for astonishment. That our judges should forget the safeguards which even in a monarchical government were thrown around this power of command, is greatly to be deplored. The unchecked use of the power of command will turn a judge into a czar. We have always feared the man on horseback in the Presidency. We have not thought to find the tyrant in the judiciary.

Had our judges borne in mind two ancient rules they would not have been trapped into granting illegal injunctions in labor disputes. "He who asks equity must do equity," and "He who comes into equity must come with clean hands" — these they have forgotten.

In the Debs case it was the Government, possessing the right to proceed criminally or civilly, which was the plaintiff, seeking to enjoin an illegal obstruction to the transportation of its mails on the

public highway. When a private employer comes into a court of equity upon the ostensible ground of asking its aid against a wrongful onslaught on his "property," but for the real purpose of getting the court to break up a strike, let the judge remember to inquire whether the employer comes with clean hands, and whether he has acted equitably toward his employees in the quarrel which resulted in the strike.

If the judges will also remember that in the Debs case there was no decision that injunctions are proper where the only ground for them is the failure of the criminal authorities to do their duty, we shall hear no more of government by injunction. A large class of our fellow-citizens will not then be able to criticise our civil courts for stretching their jurisdiction so as unduly to favor the "rights of property" at the expense of the "rights of men." It is public opinion which must call a halt on our courts. The drift in them now is in favor of "property." The fault is not so much in the judges as in the people. It is a part of the mad race for material wealth in which the American people are just now engaged. It is a parcel of the "strenuous life" so encouraged by high authority. The drift can be stopped. In fact, I see signs that the far-sighted among our judges are beginning to realize the danger and are doing what they can to arrest it. And so, my answer is that labor unions, if incorporated, may in time expect to receive fair treatment in the courts.

May I say a word as to the expediency of their in-

corporation? It seems to me to be a necessary step in the evolution of the moral right of the workman in the plant of the work. The incorporation of capitalists on such huge scales as now should be met by the incorporation of workmen, if the centripetal and centrifugal forces in the industrial world are to be kept in due equilibrium. Moreover, there is much in the position that when labor unions seek to control the labor market as completely as the capitalists are aiming to control the market for products, the one set, like the other, should be sobered in possession of great power by the subjection of their property to payment of damages for breaches of contract. Labor unions are highly desirable associations, but the weak point in them is that the noisy talker too often gets the lead. Incorporated unions, possessing property amenable to the process of the courts, will not for long submit to be led by demagogues or unwise men.

In closing, permit me to add that in speaking so freely about the courts the excuse should be urged that the violence of infuriated strikers is very apt to disturb the equilibrium even of a calm judicial mind. When they throw a living being into a red-hot furnace, as was the case with an acquaintance of my own, it is not matter for wonder, nor for very severe castigation, if a horrified citizen should be impelled to take advantage of his judicial station and exert a power of command, even though it was given to him for other purposes. Nor is it strange that public opinion will support the judge rather than the murderer. *Inter arma leges silent.*

If the labor unions wish to influence public opinion they must restrain and punish wicked acts by their own members. Whenever a union will expel a member for violence it will gain a hearing from the public.

LEGAL ASPECT

THE MANY AND THE FEW[1]

BY JOHN DE WITT WARNER

ORGANIZATIONS of capital into trusts and of labor into unions have certain common features. In each case the object is to wield the power and the inertia of the mass as an aggregate—to substitute the effectiveness of an army for the impotence of a mob.

For most effective production (including transport) of wealth capital must be highly organized in great aggregates; and the opportunities for this and advantages of it have of late greatly increased. For most effective distribution of wealth produced—that is, apportionment among producers—experience has shown that wage-earners' unions are necessary.

If labor is not combined, capitalists have it at their mercy—the weakness or necessity of some laborers constantly enlisting them against their fellows in their efforts to secure fairness in distribution

[1] While this article is general in that it discusses all the questions proposed, it has seemed better to include it under this section as from a lawyer, and as answering from a legal standpoint certain of the questions raised in this section.

of wealth produced. If labor is combined, it has the world at its mercy; for capital can scarcely exist, either for use or advantage, except through labor of others than its owners.

The interests of capital cannot be safely intrusted to labor, nor can those of labor be safely intrusted to capital. Not because either is actually inhuman, or intentionally unfair, but because neither, generally speaking, fully understands the other. Labor is ordinarily not competent to administer capital, or to apportion its own product; and capital still less appreciates or knows the human conditions on which depends the welfare of labor. And neither can be safely trusted to do what it does not know how to do.

We have the world's experience behind us. Every combine of wealth that was successful enough to get control of labor has started in or degenerated into oppression of labor, and has grown less capable of being fair or businesslike, until it had to be swept aside as an obstacle to progress. On the other hand, every successful combine of labor by which, on the whole, the share of the wage-earner in his product has been increased, has bettered his country and the race, and almost uniformly increased the ultimate returns to capital in the product most directly affected.

The general tendency of wealth in power has always been to degrade labor; that of labor in power to protect and respect wealth. It is the wage-earners of our country whose protection gives value to the wealth of our trust capitalists. In short, the few

are more safe in the hands of the many than are the many in the hands of the few. And this is because the many are the many—whose weal is the common weal—and the few are the few—whose weal is not necessarily the common weal.

The common prosperity of all—the mass of our people—is the only condition on which labor can prosper. But deprivation and degradation of the masses, so long as they will suffer them, is entirely consistent with the present prosperity of a few whose greed in seizing a large share of wealth produced may leave too little for their fellows. It is true that in the long run the interests of capital and labor are identical. It is equally true that in the long run virtue is its own reward, that inherited wealth oppresses the heir, and that selfish gain hurts the getter. But it is only in the *very* long run—too long much to affect our acts—that this is true. If, therefore, capital and labor are to war, whatever be the merits separately considered in any one or another engagement, the safety of our institutions, the prosperity of our country, and the interests of humanity require that labor conquer in the end.

SOCIALISM AND PLUTOCRACY.—"Do you favor socialism?" This is, perhaps, not an unfair question; but it is pointless unless asked by one who can answer that other one: "Do you favor plutocracy?" All civilization is the valuable product of socialism, winnowed by the winds of the past—small indeed compared with the chaff blown out in the process, but all that we have of progress. As for government by the few, whatever may have

been its apparent or temporary success, it has constantly had to be cleared out from the path of our race.

On the whole we are gaining. Intelligent labor no longer dreams of Utopia. Intelligent capital more and more appreciates the limitations of its power. The panacea—and I believe there is one for the troubles referred to—is better acquaintance between capital and labor—a broader outlook for each. If capital better appreciated the lives and aspirations of labor, the lessening brutalities of wealth would be rarer still. If labor appreciated the burdens and anxieties of capital, the rare excesses of labor would disappear.

This state of things is fast coming about. Labor has always had the power to run the world, provided it knew how; but until lately it not merely did not know how, but could not learn how. It is less than a century since the great mass of labor in civilized countries went to bed hungry most evenings. It is less than twenty-five years that it has had leisure after work and sleep to think and learn. And this is no fault of wealth.

Until late invention increased control of natural forces, the world's product was not enough, however shared, to do much more than it did. Now, in this and other civilized countries, labor is sufficiently well nourished to be mentally sound, and has enough leisure to consider what it knows, and shares the swiftly increasing facilities for knowing more, which, for all time until lately, had been almost exclusively those of capital. Therefore, while

capital will still grow more powerful, because more intelligent, the power of labor will much more rapidly increase, until this and every other country will be ruled by labor—and better ruled than now, because with more intelligent regard for the interests of the masses of its citizens; which will ever tend to become more nearly identical with those of wealth as then distributed.

TRUSTS AND LABOR UNIONS.—Trust methods are in the way, because in essence they are an appeal to force. And labor-union methods are subject to the same criticism. No country can thrive with its people warring against each other. But war is often the only way to decide what motives shall dominate. Organization of capital has always been further advanced than that of labor. That labor is learning more effectively to organize is a sign of the times—a good sign. If, indeed, it means more strenuous war, it means the nearer approach of the only lasting peace—when labor (the masses) shall have conquered its own—a world in which capital will be more safe and better rewarded than ever before.

If capital had not learned much of late as to the rights and interests of labor, its present domination would be far more deadly than it is. Until labor shall have learned more than it now knows of the rights and interests of capital, it would hurt both labor and capital to give labor full control. No onlooker can assume to judge in each instance whose is the right in the pitched battle he sees. Still less can he fairly ask the combatants not to fight it out,

or to refrain from every means that is fair in war. But to succeed even in war each must carefully study the enemy's position. And those now engaged in war at all other times, and others at all times, can and should, by increase of mutual acquaintance with each other's interests, and regard for them, more and more prevent war.

SPECIFIC QUESTIONS.—As to the specific questions:

I see no reason to fear that labor unions if incorporated would not receive fair treatment from the courts. But I fear no solution is thus afforded for wage and other questions now most mooted. The trouble, it seems to me, is this: In questions between labor and capital that would require litigation, the issues are of endurance—of war. To decide these, legal methods are inappropriate; and would tend to prolong instead of shorten contests, in which, as delay lengthens, flesh and blood is at a cruel disadvantage when pitted against capital.

It seems to me that arbitration is a casual expedient for settling differences between two parties who are at agreement in temper and nearly so in fact —not a generally available means by which they can be brought to that point.

Labor's proper share in the joint product of labor and capital will constantly more nearly approach the whole in proportion as the increasing protection of capital by labor shall lessen the element of risk—that is, should continually increase.

As to the rights of employees in the plants they have helped create, if these include the means by

which natural opportunities are monopolized, these should be and will become the property of the community—that is, ever more largely labor's own.

As to model industries, profit sharing, etc., the field for successful experiment in these is narrow, but will steadily expand.

As to socialism: There is no gulf wider than that between the old socialism, which restricted men, and the new socialism, which proposes to increase the facilities of each to do as he pleases.

As to the single tax: Its principles—that proper use is the only excuse for exclusive possession of land; that the value of that possession is something for which the community that created such value should always be paid; and that not until the community has collected and spent its own income should it tax its citizens—once conceded, as it seems to me they must be, the only question is: On what terms and in what shape can this adjustment best be brought about?

As to the right to work—that is, the opportunity to earn one's living—a man refused this right is under no moral restraint from taking what he needs. Society, having made him an outlaw, cannot complain.

As to free trade, that is the natural right of every man. Protective tariffs are extortion, to which no one has the right to submit, except because, and in so far as, he cannot help himself.

PART IV

ARBITRATION

a. General Plea for Arbitration.

b. Is Compulsory Arbitration, Enforced by Law, Desirable, and, if so, under what Conditions?

c. How can Voluntary Arbitration, in Case of Labor Disputes, be Made Effective?

ARBITRATION

SYNOPSIS

POTTER. The industrial revolution—Present intelligent interest—Sympathy and co-operation—Interests of labor and capital one and the same—Educational value of labor unions—Their self-control and moderation—Voluntary mediation and arbitration.

GIBBONS. Arbitration to avoid war of nations—Arbitration for industrial disputes.

REED. Difference between conciliation and arbitration—Methods of Massachusetts Board of Conciliation—Effort to promote trade agreements—Submission to arbitration only in last resort—Organization of employers and employed promotes agreement—Ultimate result, proper courts of arbitration.

WRIGHT. Strike and lockout statistics—New Zealand experience of compulsory arbitration inconclusive—Compulsory arbitration would destroy labor unions—A most serious calamity to business—Possibly applicable to common carriers—No satisfactory method of applying it yet found.

MCMACKIN. Need of religious and moral principles in business relations—Disappointing experience of New York Board of Mediation and Arbitration — Increase of trade agreements—Compulsory arbitration desirable in quasi-public employments.

GOING. Strong organizations of employers and workmen needed—Trade conferences and agreements—England's loss of trade through strikes—American industrial supremacy depends on harmony of employers and employed.

COMPULSORY ARBITRATION

SYNOPSIS

FIELDHOUSE. Consolidations of capital to reduce competition and uphold prices—Increasing lack of confidence between laborer and capitalist—Just demands of labor unions—History of New England textile mills—Injurious competition of Canadian laborers—Southern mills—Child labor—Unrestricted hours—Need of national court of arbitration—Protective tariff—Restriction of labor immigration—Prohibition of child labor—National department of commerce.

LLOYD. Compulsory arbitration next logical step—Does not interfere with freedom of employer or employed—Does not endanger trade-unions—A safeguard to working men against injustice—Protects community at large—Application of ordinary rules of law in industrial field also.

RENO. Industrial justice by industrial courts—Fair wages and fair hours—Minimum wage to be fixed by industrial courts—Method of appeal and investigation—Irish rent laws—Land courts—Powers of investigation and enforcement—Organization and power of proposed industrial courts—Middle position between voluntary and compulsory arbitration—Penalty imposed only on corporate employer—Decisions enforced by courts of justice—Present use of injunctions—Prevention of strikes and lockouts.

LUSK. Origin of compulsory arbitration law of New Zealand—Action of public in self-protection—Opposition of employers and employed—Voluntary arbitration inadequate—Board of Conciliation—Arbitration court with power to penalize employers and employed—Conditions in New Zealand different—New Zealand view of functions of government—Effort to prevent inequalities—Why inapplicable in America—Social inequalities—Unbiassed court impossible.

CLARK. Trade conferences with agreement to submit to arbitration—Compulsory arbitration against Thirteenth Amendment—Against American spirit—Lack of acquaintance of employers and employed cause of strikes.

MITCHELL. Trade conferences with trade boards of arbitration—Ultimate reference to disinterested umpire chosen by

latter—National associations of employers and employed desirable—State boards chiefly valuable for purposes of conciliation—Compulsory arbitration unenforceable.

STAHL. Compulsory arbitration unenforceable—Public opinion jealous of individual liberty—Would not permit compulsion of laborers to work—Public opinion able to enforce decisions of voluntary arbitration—Compulsory arbitration not desirable in quasi-public employments—Trade conferences and agreements—Voluntary arbitration—Strong organizations of employers and employed.

VOLUNTARY ARBITRATION

SYNOPSIS

EIDLITZ. Apathy of individual members of associations of employers and employed—Irresponsibility of labor unions—Lack of confidence in their representatives—Permanent joint board of arbitration—Members to be elected from both associations—Frequent stated meetings—Agreement to submit irreconcileable differences to umpire—Too much compromise, too little justice.

HOYT. Without recognition of Golden Rule nothing practicable—First principle of National Founders' Association—Duty to care for interests of employed as well as employer—Injustice to workmen cause of distrust of employers—Foundation of trade-unionism—Belief that workman does not receive his fair share of profit—No thoroughly satisfactory method of arbitration—Agreement within trade — Reference to umpire undesirable—National organizations and trade boards preferable.

DOUGLAS. Failure of employers to recognize unions a cause of trouble—Results of experience—Only union men employed—In case of disagreement conference with officers of union—In last resort reference to State board—Times not ripe for compulsory arbitration, except, possibly, in quasi-public employments—Publicity by State board sufficient compulsion—Incorporation of labor unions undesirable.

HOGAN. Lack of understanding and sympathy between employer and employed—Compulsory arbitration unconstitutional—Contrary to American spirit of individualism—National and State boards of arbitration of little use—Political reasons—Both em-

ployer and employed unwilling to submit to outside arbitrators —Boards of conciliation within trades only practicable method.

FOX. Failure of employers to recognize unions—Boards of conciliation within trades—All compulsory arbitration contrary to American spirit—If industry included under one great corporation compulsory arbitration perhaps necessary—State boards of arbitration useless—Lack confidence of community—Politics—Court of compulsory arbitration would not be trusted—Belief that it would represent interests of capital.

SARGENT. The time for arbitration—Differences which cannot be settled within trades—Agreement to refer to voluntary national board of arbitration—Both parties to agree to submit.

ARBITRATION

Labor Unions and Arbitration

BY HENRY CODMAN POTTER

IN most of the controversies that divide men, however largely they may lean in one direction or the other, the equities are not, as a matter of fact, all on one side.

No inequality, no apparent injustice, no disorder or disproportion in the relation of men to one another ever came to pass without there being considerations on either hand which needed to be taken into account. No great evil ever grew up into dominant place and influence without having, as a part of it, certain considerations which, if they did not at least in some measure excuse it, must necessarily qualify our condemnation of it. In almost all the issues which have divided men there has been, in other words, something to be said on both sides. It is time, I think, that this is frankly recognized.

There is a time, undoubtedly, for strong and vehement speech, and it may be also for extreme and, as it may seem to some people, almost revolutionary modes of action. But such times are those when there is, concerning a situation, a tendency,

a tyranny, of whatever sort, a profound and widespread apathy, indifference, and heartlessness. But in the matter of those great industrial questions with which the interests of labor are concerned, the case is a very different one.

There is at present in regard to those questions profound and widespread inquiry, a frank acknowledgment that they involve apparently conflicting interests that urgently need readjustment; and especially, on the part of dispassionate men, almost everywhere in the civilized world—here, in Russia, in France, in Great Britain and her colonies, and elsewhere—a hearty sympathy with those who are striving for such readjustment.

It cannot, indeed, be denied that it has not always been so, and that that tremendous industrial revolution (it can be described in no more measured terms) which has taken place during the century just ended, owing mainly to the discovery and adoption of mechanical appliances in connection with labor, has been carried forward, in many instances, with large indifference to the interests of working men and women.

The wonders which mechanical appliances in connection with manufactures, and indeed with almost all forms of industry, have achieved; the greater cheapness and the greater consumption which have followed upon this; the increased incentives to trade and commerce which have been a result of both,—these, it must be owned, have dazzled the eyes and blinded the judgment of men as to their effects upon that which is more precious than machinery, or

manufactures, or wealth, or national expansion, and that is manhood; and especially to the well-being of that vast majority of the race which, under the most civilized conditions of life, must always mainly earn its bread with its hands.

But I do not think that it can any longer be said that in regard to these questions there is to-day either prevalent apathy or indifference. As to this there can hardly be any better evidence than that which is afforded by the literature of a generation, and of this kind the testimony is ample and convincing. From Mr. Wyckoff's admirable volume, *The Workers*, all the way up to the most recondite discussions of the great questions of demand and supply, the range, the variety, the scientific acuteness, the painstaking candor of what to-day may almost be called our industrial literature is at once profoundly interesting and profoundly inspiring. The relations of sociological questions to the life and the aims of the working man have enlisted the interest and commanded the pens of scholars in both hemispheres and of the first rank. Their conclusions are not, it is true, always identical, which indeed is hardly to be expected, but if any one of us has undertaken to keep abreast of that literature he must at least have been impressed with the note of hope which thrills through it all.

We read Mr. Edward Bellamy's *Looking Backward* or *Equality*, and some ardent apostle of the rights of man cries out: "Ah, here is the solution of all our difficulties, the righting of all our wrongs!" If anybody thinks so, let me beg him

to read the calm and temperate, but most conclusive, volume by Professor George Harris, entitled *Inequality and Progress*, with its clear and quickening demonstration of the enormous value, as a stimulus to service, as an incentive to sacrifice, as a supreme motive for the practical realization of the ideal of human brotherhood, of inequalities.

That thing, which, as I turn my face toward the future, seems to be climbing up above the horizon, is not any patent, ready-made republic, in which almost all liberty of action or of achievement, whether in letters, in art, or in the industrial world, is taken away from us, and the whole face of human society reduced to the dead level of a dreary commonplace; in which men and women everywhere shall dress alike, in paper costumes, which will need no washing and can be burned up every evening; but rather that diviner republic in which he of largest gifts will have learnt that his noblest and sweetest use of them is not for his own gain or his own aggrandizement, but for every weaker, lowlier, less endowed brother or sister, who may need to have a narrow and sordid life touched with the hand of brotherly help and illumined by the light of brotherly love!

At such a moment, what is our becoming attitude with reference to those endeavors and the great questions with which they are concerned? Surely, first and last, and all the time, one of hearty sympathy and co-operation.

The attitude of labor in our generation has not always been a wise or a just one toward its best

friends. The class feeling among us, which is often as strong on the one side as on the other, has more than once made the sons of labor distrust and antagonize every man or woman who was not in all respects identical with themselves. It has not been recognized that in the final view of the great questions that have divided labor and capital, their interests are not antagonistic, but one and the same.

The final statement in the whole business is simply and bluntly this—that neither one of them can do without the other. Capital can paralyze labor by withholding itself from it; but the process by which it does so paralyzes capital as absolutely and as utterly as it does labor. In spite of what fierce voices on the one side or the other are fond of shouting, it is not a question which of the two shall be "on top." Neither can be on top—healthfully, fruitfully, or permanently. There is absolutely only one relation which they can sanely sustain to one another, and that is, they must walk hand in hand.

It is because they have helped to teach us this lesson that modern civilization may well thank God—however impatient capitalists or the public may from time to time have been of them—for trade-unions. As against sporadic, disorganized, intermittent, and individualistic endeavors of the friends of labor seeking to promote fair dealing and to secure justice, the trade-union movement has stood for that great principle which subordinates minor differences for the greater good of all. It has seized and, on the whole, ably utilized, the vast force of organization

and centralized authority, and it has helped other men to realize, whether their strength was capital or cleverness, that the organized working force of the country was something seriously to reckon with.

In the conferences, controversies, and collisions of the two great forces that have so often stood over against each other, there have been some things on both sides to regret, but not without recognizing that from even the most serious collisions valuable lessons are to be drawn. One of them is that brute force is the poorest of all arguments to be addressed to a reasoning being, whether it consists in one man's shutting a shop door in another man's face, or in the other man's breaking the skull of a "scab" with a brickbat or a club. Such methods are away down at the bottom, in the reckoning of a civilized, much more of a Christian people, and I trust that we shall be content to let them stay there.

On the other hand, those other methods which have been growing in favor among us lately, such, *e. g.*, as impartial mediation and arbitration, on both sides wholly voluntary, have increasingly demonstrated their value.

As I have said more than once, in all such arbitrations of which I have any personal knowledge, working men and the representatives of working men have shone by virtue of their self-restraint, their patient courtesy, their love of fair dealing, their open-mindedness to a just argument, their cheerful readiness to meet concession with concession, and their disposition to make a bridge over which order and harmony might pass, quite as much

by what they surrendered as by what they claimed. I do not say that it has always been so; I only speak of what I myself have seen and known; but I am persuaded that the time may not be far distant when everywhere it shall be so, in larger and larger degree, with more and more happy and substantial results.

For such ends let us all strive, and may God hasten their coming!

ARBITRATION

National and Industrial Arbitration[1]

BY JAMES CARDINAL GIBBONS

CHRISTIANITY has created and is daily developing international law throughout the civilized world. Courts of arbitration are growing in favor among Christian nations. Alexander VI. was chosen by Portugal and Spain to arbitrate regarding their respective claims to the newly discovered territory in the Western World. The decision of the Pontiff was very probably the means of averting a sanguinary and protracted conflict between these two rival nations. Instances of arbitration are multiplying in our own day. The dispute between Germany and Spain in reference to the Caroline Islands was adjusted by Pope Leo XIII. in 1886. The Samoan difficulty between the United States and Germany in 1889 was referred to a friendly conference held in Berlin. At the close of President Cleveland's administration an arbitration

[1] These views of Cardinal Gibbons were obtained by his kind permission through a representative of *The Independent*, and are reprinted here by special permission of the Cardinal and of the editor of *The Independent*.

treaty between Mexico and the United States was signed in Washington. By an act of Congress passed in 1888 the President is authorized to invite representatives of the Governments of South America, Central America, Mexico, and Hayti to an international conference in Washington. The very first proposition to be discussed has reference to the adoption of measures that shall tend to preserve the peace and promote the prosperity of the several American states.

With the view of promoting the blessing of international concord, a society has been organized in this country. It was fitting that Philadelphia should be chosen as the seat of this society, for its very name signifies brotherly love. Its founder was an illustrious member of the Society of Friends, whose distinguishing characteristic is aversion to strife, and the cultivation of peace and fraternal relations among mankind.

In well ordered society the disputes of individuals are settled not by recourse to a duel, but to the law. Would it not be a blessing to humanity if national controversies were composed on the same principle, and that the just cause of a nation should be vindicated by a court of arbitration rather than by an appeal to arms? Then to rulers, as well as to private litigants, could be applied the words:

> Thrice is he armed that hath his quarrel just.

And this amicable system, while protecting the rights of the weak, would not humiliate or wound the national pride of the strong, since it does not

attempt to trench on the sovereignty or autonomy of any power.

Let us cherish the hope that the day is not far off when the reign of the Prince of Peace will be firmly established on the earth, when the spirit of the Gospel will so far sway the minds and hearts of rulers that standing armies will yield to permanent courts of arbitration, that contests will be carried on in the council-chamber instead of the battlefield, and decided by the pen instead of the sword.

Experience has shown that strikes are a drastic, and at best a very questionable, remedy for the redress of the laborer's grievances. They paralyze industry, they often foment fierce passions and lead to the destruction of property, and, above all, they result in inflicting grievous injury on the laborer himself by keeping him in enforced idleness, during which his mind is clouded by discontent while brooding over his situation, and his family not infrequently suffers from the want of even the necessaries of life.

It would be a vast stride in the interests of peace and of the laboring classes if the policy of arbitration, which is now gaining favor for the settlement of international quarrels, were also availed of for the adjustment of disputes between capital and labor. Many blessings would result from the adoption of this method, for while strikes, as the name implies, are aggressive and destructive, arbitration is conciliatory and constructive; the result in the former case is determined by the weight of the purse, in the latter by the weight of the argument.

ARBITRATION

CONCILIATION AND ARBITRATION IN MASSACHUSETTS

BY WARREN A. REED

DEEP in the hearts of mankind, controlling their actions, shaping their lives, is a conviction that one must be contented with what is fair. Confidence in the truth of this proposition is the principal thing that we carry with us when our Board goes out into the arena where men are striving together. I do not mean simply that men will be contented with what they think is fair. They have progressed farther than that. They have no stomach for contest after they have obtained what fairness, based on general opinion, calls for.

Whoever would step between the disputants as mediator must approach his duty with the conviction that each will be satisfied with the fair thing. He must profoundly believe it. Even the most settled conviction that men only want what is fair is liable to shipwreck when one comes into the presence of the angry battle for supremacy, where each is endeavoring to destroy the other by any means

within his power. Then men seem to strive only for victory and to plan the blow which will cripple the adversary, if not destroy him.

All life is made up of contest. Our lives are a struggle against forces which oppose us and which we are endeavoring continually to overcome. This holds in the industrial world as in every other department of life. When one feels that he has come up against an opposing force he instinctively pushes ahead to meet and overcome the difficulty. If it is a matter of dispute between employer and employee, his attitude in no way differs from that toward obstacles of the various other sorts that it is his daily lot to meet. He summons his forces to put aside the difficulty or surmount the obstacle. He clears decks for battle. He feels that he must rely on his own right arm. He resolves to trust himself. Then, more than at any other time, his nature abhors the thought of allowing the matter to pass beyond his control by submitting it to an outsider. He proposes to win, he has nothing to arbitrate. This is human nature in the presence of difficulties, industrial as well as any other. We harden ourselves for the struggle.

Now, arbitration, or the submission of controversies to a third party, does not look to a change of human nature, or expect that the struggle of life will be either softened or abrogated as to industrial troubles. Its advocate does not expect that men preparing for a struggle will suddenly and without reason drop their differences in the lap of the arbitrator. But it does rely on the knowledge that all

men, when they begin a controversy, weigh the power of their opponent, and if they find themselves matched, or likely to be worsted, will listen to the advice of the Duke in Shakespeare's play: "Let your reason with your choler question what it is you go about."

To run one's hand over the muscles of an opponent often has a peaceful effect and tends to allay the belligerent feeling. Arbitration will be a substitute for war when each has a wholesome respect for the fighting power of the other, and when each can see that defeat and rout are about as likely to come as victory. If a man is reasonably sure, however, of obtaining his end without loss to himself he will have nothing to arbitrate.

We did not arbitrate the Alabama Claims with England because of any particular regard that we held for her. The feeling here was rather intense indignation. England was inclined to scorn our claim, but willing to arbitrate because she knew that she would get hurt if she did not do so. Each knew that the other was a powerful nation and would deliver a heavy blow. We find the same thing to-day. It is the battle-scarred union that is willing to submit its differences. It is the veteran employer, not necessarily in years, but in experience in labor difficulties, who is willing to let the points in issue pass under the judgment of an impartial tribunal.

Unorganized labor, the new union, the employer who, though old in years, first meets a labor trouble and who has not learned that "war is hell,"—such do not need arbitration. They believe that they can

win out, and are quite sure to have nothing to arbitrate. In proportion as the contestants learn to respect the ability of the opponent to inflict injury and appreciate that victories are expensive, they will be willing to arbitrate, provided, of course, they have confidence in the tribunal proposed.

We have no issue with those who believe that the world is growing better. The most beautiful thing in life to-day is the developed appreciation of the doctrine that it is better to give than to receive. Undoubtedly, also, the Golden Rule is the principle of action of the lives of more men and women to-day than ever before, but the arbitrator in his walks does not meet those people often. As we see it, life is a struggle for supremacy.

Before I speak of the methods pursued by our Board, I wish to call attention to the different uses of the term "arbitration" now in vogue. Although the difference between arbitration and conciliation is carefully observed in the act of the Legislature creating the Board, still in the popular mind the two are often confounded. While the word really means a submission by the parties to a controversy to a third party for a decision, it has come to mean, in a popular way, any substitute for open warfare. It not only includes, in the minds of many, mediation and conciliation by a third party, where there is no submission to his decision, but it is also made to include negotiation by the parties themselves without the assistance of a mediator where they confer together before open hostilities are commenced.

The grievance committee of the union is often spoken of as an arbitration committee, whose duties are to meet a committee from the other side before ordering a strike. The work of the arbitration committee is often considered complete when it reports back to the union its inability to settle with the employer, and a strike is often ordered thereupon without any further attempt at arbitration. I am inclined to think that it is in this sense of the word that many unions understand their provision that they are favorable to arbitration, and that many of the younger unions would be loath to submit their grievances to arbitration, properly so-called, after an ineffectual negotiation with the employer.

It is true, however, I think, that the older and stronger unions understand the word in its true meaning and are committed to its support. Under our law arbitration is purely voluntary, and is possible only while the relation of employer and employee is unbroken and the men are at work. The State does not provide for a submission when a strike or lockout exists. If one has taken place the men must go back to work before arbitration can be entered upon. In cases of pure arbitration, we have the following provision as to expert assistants:

"Each of the parties to the controversy, the employer on the one side and the employees interested on the other side, may in writing nominate, and the Board may appoint, one person to act in the case as expert assistant to the Board. The two persons so appointed shall be skilled in and conversant with the business or trade concerning which the dispute has arisen. It shall be their

duty, under the direction of the Board, to obtain and report to the Board information concerning the wages paid and the methods and grades of work prevailing in manufacturing establishments within the commonwealth of a character similar to that in which the matters in dispute have arisen."

In the great majority of cases arbitration is not resorted to, but the other function of the Board is called into play, that is, conciliation, which is an endeavor to obtain a conference between the parties for the purpose of a settlement of their affairs, with such assistance from the Board as they may desire or it thinks best to render. Let me give you a leaf out of our daily life. A newspaper clipping bureau furnishes us each day with clippings of all labor difficulties reported in the newspapers in the State during the preceding day. Each case is docketed as it comes in, in a docket which has the following headings: City or Town, Employer, Nature of Business, Date of Strike or Lockout, Cause, Number Out, Union Involved, Result.

At each meeting of the Board unsettled cases are discussed in their order. As soon as a case of any importance presents itself we visit the locality, obtain personal interviews with the parties, hear their stories, and offer suggestions which look generally to a conference at that time or later, according to the temper of the parties.

Personal contact with each of the parties, patient, unceasing endeavor (in spite of all obstacles and in the face of discouraging failures), is the price of success in bringing the parties together. After the

first suspicions are allayed, suspicions that the other party has been instrumental in bringing the Board into action, both sides uniformly receive us with courtesy and are willing to give us an audience. It is remarkable to what a degree men are softened by suggestions when they have confidence in the fairness of the maker of them. In many cases, when we have won the confidence of both sides, we are in a position to weaken the animosities and bring the parties nearer together. Unless some question of principle, real or fancied, intervenes, they will come quite together.

One department of the work of the Board I desire especially to mention, because it seems to us the most interesting. We endeavor to bring about between employer and employee, under our supervision, trade agreements which settle the main points of interest to them and which contain a clause binding them, in case they shall be unable in the future to settle their differences amicably, to submit, without a strike or lockout, their differences to arbitration by the State Board, or a local or joint board if they prefer it. What we can do along these lines is clear gain and lays the foundation, before controversies arise, for a fair and equitable disposition of them. Not infrequently our rooms present the pleasant picture of a meeting of committees of associations of employers with committees of the employed, or their representatives, who are honestly and earnestly looking for a peaceful solution of their troubles.

"To climb steep hills requires slow pace at first,"

but we believe that we have begun to climb the hill when we have induced parties to agree beforehand to waive the battle and submit to the decision of a tribunal of their own choosing. We notice that at present such trade agreements are only possible where both sides have had their fill of fighting. It will be long before such understandings will be general, but we believe that as time goes on, and as men slowly learn that even the victor suffers greatly in industrial warfare, they will tend to come to a peaceful agreement to avoid the struggle. More hopeful still is the attitude of both contestants when, without the aid of the Board, they enter into a compact that, without a strike or lockout, they will submit all their differences to the State Board or to a local or joint board. This movement is meeting with considerable favor among some of our manufacturers and their employees in Massachusetts, and, as far as we know, is considered by them as a solution of the labor problem. It is needless to say that we foster such arrangements.

We do not dread the increasing power of both sides, and their increasing ability to do each other harm. The probability is not that one will overcome the other, but rather that each, out of respect for the strength of the other, will have a sufficient regard for his own safety to avoid the battle. In a certain sense the industrial world seems to be in a preparatory stage in this matter and to be busied about certain preliminary questions. When these have been worked out the field for arbitration will be more apparent.

The legal right of men to combine, though long disputed, is now freely and fully admitted. And yet very many employees have the same feelings of hostility to combinations that once led the community to pass statutes against them. Capital is turning all its energies toward production, and only gives a thought to the labor question when brought up against it. It is often inclined to repress organization among employees and to oppose it on general principles, although it is obliged to concede the full right of the other party before the law. Time will bring about a better feeling on this subject, we may hope, now that the first and most difficult step has been taken. At present it is certain that the uncompromising attitude of the parties on this issue of organization is a leading cause of keeping up the trials of endurance which it is the object of arbitration to supplant.

It seems not unreasonable to expect when such questions as these have dragged their slow length along, and are finally disposed of, settled forever, that mankind will turn from the trial by the ordeal and accept a more reasonable settlement in industrial quarrels as they did in the thirteenth century in the other quarrels of ordinary life. It is a long time since the Anglo-Saxon settled a question of the title to a piece of land by the trial by battle or duel between the parties, but it was also a long time before the jury supplanted this barbarous custom.

One may read in Glanville, the author, in about the year 1200, of our first English law treatise, an encomium upon the jury system, which was then

displacing the duel. "It, the jury system, so well cares for the life and condition of men that every one may keep his rightful freehold and yet avoid the doubtful chance of the duel, and escape that last penalty, an unexpected and untimely death."

In this contest the question of what is a fair day's pay is often settled by a trial by ordeal, so to speak, to see whether a man or machine can go the longer without food, and the process is about as satisfactory as the ancient custom was. When the parties appreciate the danger of this mode of settlement of honest differences, they will look more sharply than at present for a substitute. In the meantime it is the office of boards, by education, by patient endeavor, by conciliation, and by courting the confidence of both sides, to prepare the way. As for us, we are looking steadfastly to the future. We have "hitched our wagon to a star."

What system will be established and when no man can tell. Sometimes it seems as though some system was about to be quite generally adopted, and again it is as far away as ever. International and industrial arbitration seem to go hand in hand. One day nations are ready to agree that international differences should be arbitrated, and the next they leave an order with Krupp. It is perhaps enough to say that the establishment of some means of amicably settling differences is in the line of human progress, and for that reason alone deserves the best thought of us all.

ARBITRATION

OBJECTIONS TO COMPULSORY ARBITRATION

BY CARROLL D. WRIGHT

SOCIETY is directly and indirectly interested in securing industrial peace.

The record of strikes in the United States for the twenty years ending December 31, 1900, as shown by the United States Department of Labor, would seem to indicate that at times, at least, some drastic measure for the prevention of conflicts might be desirable. This record is that during the period named there were 22,793 strikes, with a wage loss of $257,863,478, a loss through assistance rendered by labor organizations of $16,174,793, and a loss to employers of $122,731,121. The lockouts during the same period numbered 1005, with a wage loss to employees of $48,819,745, a loss through assistance rendered by labor organizations of $3,451,461, and a loss to employers of $19,927,983. The total losses by strikes and lockouts reached the vast sum of $468,968,581.

It is curious to note that in 50.77 per cent. of the establishments in which strikes occurred, they were successful, in 13.04 per cent. partially successful,

and in 36.19 per cent. failures. In 50.79 per cent. of the establishments where lockouts were ordered success attended the efforts of the employers, while in 6.28 per cent. they were partially successful, and in 42.93 per cent. the lockouts failed of the object for which they were ordered.

In a large majority of all these strikes and lockouts the public as such probably experienced little or no inconvenience, and, therefore, was not sensitively interested in them, but in others, and those of the greatest magnitude, the loss cannot be computed by any statistical method. It is utterly impossible to ascertain the direct and indirect loss to the public through great strikes and lockouts which suspend traffic, raise prices, and affect all trade and commercial transactions.

It is when these great strikes with far-reaching influences are on that the suggestion comes very forcibly from various quarters that some compulsory method of preventing or settling them promptly should be inaugurated. The principles of what is known as compulsory arbitration have not, however, secured very widespread influence in the United States and in other countries largely devoted to mechanical production; they have been adopted in New Zealand, where the industries are still small and are in their growing period of inception. The idea, nevertheless, is receiving increased attention and even approval here in this country, and it is worth while to inquire whether its adoption is desirable, and if so, under what conditions.

It should be remembered that in the last analysis

every effort of the law-making power to adjust industrial difficulties is a practical declaration on the part of society to employers and employees that if they are not able to conduct their affairs in such a way as to relieve society of annoyance, it proposes, directly or indirectly, and in some degree, to take charge of those affairs. Whenever a board of arbitration before which the parties involved can come of their own volition is established, it is in a degree an announcement of the intention of society to interfere to protect itself from the complications arising from strikes and lockouts. Hence the whole subject must be viewed very largely from the standpoint of the public's interest, for if compulsory arbitration is ever justifiable it is only when it is essential to prevent industrial warfare, that society may not suffer.

The experience of New Zealand is giving some impetus to the doctrine of compulsory arbitration, but the fact is, the experience of New Zealand cannot be taken in any sense as a measure of what should be established in the United States. The industries of New Zealand are small and, as has been stated, in their period of inception, while in the United States industry is organized on a large scale, with vast capital involved, large industrial armies employed, and the conditions of distance, of transportation, of cost, and of marketing entirely at variance with the conditions existing in New Zealand. The employers of New Zealand have been quite content to accept the decrees of the court in a majority of instances where compulsory arbitration

has been applied. The labor organizations, on their part, have been quite as content. This is because of the peculiar conditions existing. But compulsory arbitration has not yet been tested in New Zealand. The test will come when one of the parties declines for economic reasons to abide by the decision of the Court of Arbitration. The experience of New Zealand, therefore, ought to have little or no weight in influencing parties in the United States to advocate the application of the principles of compulsory arbitration, the underlying feature of which, as under any compulsory method, is and must be that which underlies an action at law.

The antagonisms which nearly always arise between the parties engaged in a suit at law are sufficient at the outset to dampen the ardor of those who believe in compulsory arbitration in industrial matters. In an ordinary suit, either of tort or of contract, the aggrieved party may summon the defendant into court. The issue is clearly defined by the declaration and the answer, and the court has a specific point or a number of specific points on which to base a decision.

In an industrial contest the aggrieved party may state his demands, and the respondent reply, setting up his own view of the grievances advanced by the petitioner. The court, instead of having a clearly defined issue in the contest, must make investigations to ascertain which of the parties is in the right, and in nearly every case the result must be a compromise not fully satisfactory to either party, or else an arbitrary decree based on the de-

mands of the complainant on the one hand or the position of the respondent on the other.

Such a course would inevitably have the same effect as ordinary suits at law—an increased irritation and a lasting antagonism—and instead of resulting in bringing employer and employee nearer together as time goes on, would drive them farther apart and make all efforts at ethical conciliation, and consideration even, more and more difficult.

The matters referred to above, however, are elementary. The chief difficulty with compulsory arbitration relates to production itself and the means by which trade is increased. For instance, the employees of a large concern, under the processes of compulsory arbitration, summon their employer into court on a demand for an increased rate of wages. The court, after investigating the whole subject, enters a decree in favor of the petitioners. The decree of a court can be executed by the officers of the court if they are able; if not, by an increased force, even to the extent of the employment of the military arm of government. Thus the employer would be compelled either to pay the increased rate when economic conditions would not permit, or to sacrifice his business, thus throwing the petitioning employees out of work.

On the other hand, suppose the decree was in favor of the employer. It could be executed with all the force and power of the State, the same as in the other instance. Then the employees would be obliged to accept the rate of wages decided by the decree of the court or take the consequences. These

consequences would be defined by the law in the shape of penalties.

One can easily see how under some conditions the results might be disastrous not only to the men themselves, but to the establishment involved. In the last analysis, for economic reasons, production would be reduced, or at least greatly retarded, and concerns would have to go out of business, or else adulterate goods, or resort to various other fraudulent practices in order to continue in business in accordance with the court's orders. The results might be still more far-reaching and necessitate not only what we now know in popular parlance as the "Trust," but the assumption by the Government of productive industry itself.

Taking another view of compulsory arbitration, it would seem that it must inevitably result in the destruction of trade-unions. A union, a party to a suit in a compulsory court, must be able to sustain the penalty involved for a violation of the decree, either in damages, which must be met by a money payment, or in the loss of its charter. It is this particular condition which makes nearly all labor organizations in this country, especially those represented in the American Federation of Labor, antagonistic to the inauguration of a system of compulsory arbitration. Adverse decisions, the impossibility of obeying decrees or judgments, would mean inevitably the destruction of the unions involved, and ultimately of trade-unionism itself.

Most men now agree that some form of unionism is desirable. The great concerns involved in pro-

duction, through combinations, mean necessarily the organization of labor. Ten or twenty thousand employees cannot be dealt with individually. There must be more and more collective bargaining as organization on both sides progresses. Hence the destruction of unionism as such would be a disaster to industry itself.

Turning to another side of the question, that of transportation, where interstate interests are involved, it may be conceded at once that the employees are in the nature of quasi-public servants, as the railroads themselves are quasi-public corporations. Some ingenious law may be devised that may call for a more thorough obligation on the part of the railway companies to perform their duties, and on the part of the railway employees to perform their duties—an adjustment which shall protect the public from the disastrous results of interrupted traffic.

Here may be an opportunity for the application of some of the principles of compulsory arbitration, but the matter is so delicate that it should be approached with great caution and great wisdom.

Many suggestions have been made during the past few years in the direction of making railway employees the servants of the public through Government intervention, putting them relatively in the position of enlisted men, or subjecting them to a license in such a way that a violation of their contract with the railway companies should forfeit their license. All these measures are compulsory in their essential elements; in essence they are such.

So far, however, no one has seemed to have the wisdom to provide for compulsory regulation and control of common carriers and their employees without at the same time infringing upon the rights of the individual; but if compulsory arbitration is ever desirable it is desirable only in some degree in such employments as affect the real personal convenience of the public itself.

ARBITRATION

THE MORAL ELEMENT IN INDUSTRY

BY JOHN McMACKIN

IT is not difficult to set forth theoretically the relations which should exist between employers and employed in a well organized society. The social order comprises numerous and varied interests, which may be conveniently grouped as religious, moral, intellectual, and material. Material interests alone form only a fraction of the interests affecting society. Hence it is that the social question is not only a question of economics, but especially a religious and moral question. The great historian of political economy, Professor Ingram, assures us that "the only prominent and successful adjuster of human relations is religion. Nothing else," he adds, "can succeed."

Unfortunately, in our day employers too frequently recognize no other obligations but those enforced by law, and are bound to their employees by no other tie than the mere contract to pay a stipulated wage for work performed. Too often, I fear, capitalists look upon labor as a mere means of satisfying cupidity. To-day we are witnessing the

awful consequences of such principles. Leo XIII. has described the sad reality with a master hand. "Little by little," he writes, "the isolated and unprotected workers have found themselves at the mercy of inhuman masters and the cupidity of unbridled competition. A small number of the rich and opulent monopolize labor and trade and burden the great multitude of the proletariat with an almost servile yoke."

Professor Thorold Rogers says that "the necessity of the English poor law can be traced distinctively back to the crimes of rulers and their agents," and he adds that "in a vague way the poor know that they have been robbed by the great in the past and are stinted now." Cardinal Vaughan, speaking of the material and economic condition of the English poor, says:

"In the annual death rate throughout England one in fourteen was that of a pauper in the workhouse. In Liverpool one death in seven occurred in the workhouse. In the Manchester township (before its recent enlargement) one death in every five was that of a pauper. According to the Royal Commission for Housing the Poor, one person in every five in London dies in a public hospital or in a workhouse, and if the wealthy classes are excluded the number is one in every three. This sums up the material condition of the poor in the wealthiest country in the world."

A little reflection will make it evident that the interests, material and moral, of employers and employed are common. These interests affect not

only the individuals, but the entire social fabric. The end of civil society is temporal prosperity, which supposes material well-being and a certain abundance of wealth. The fruitful and necessary source of these material goods is labor, which is so fecund in production that it may be considered the unique source whence proceeds the wealth of nations. Besides material interests, labor has also moral relations to the social order. All men are equal inasmuch as all have needs, and these needs cannot be satisfied without the co-operation of the different members of human society.

M. Blondel has written a remarkable work entitled *L'Action*, in which he demonstrates with a wealth of argument how utterly dependent we remain during our entire lives. The intellectual, moral, and material goods of this world are unequally distributed, and hence a mutual dependence among men for the purpose of attaining their respective wants. This leads to a unity of effort which becomes a principle of harmony and concord in the social body. Labor is thus the necessary complement of all the elements that constitute society. The family, authority, property, are all indispensable elements. Labor is the practical realization of social aims, the activity of the social organs in exercise. It procures directly the particular good of the workman. Indirectly it contributes much to the common weal.

To render these common interests a cause of union and not of dissension between employer and employed, the former must bear in mind always that the workman is not a mere machine, not a mere

material force, but a moral person, an intelligent and free cause, a being destined for a spiritual and supernatural end. True, the contract entered upon by both parties bears directly on the workman's economic ability; but, nevertheless, it cannot and must not exclude the other moral and spiritual properties indissolubly connected with the physical energies of the same moral being.

Economic production consists in making some useful transformation of matter. The capitalist furnishes the materials and employs the human energy of the laborer to effect the transformation. While the intellectual and moral qualities of the human agent do not come under the object of the contract directly, still, they induce certain moral obligations. Human energy is inseparable from the nature and person of man, and hence the human person comes under the contract indirectly. You cannot separate human energy from the human person any more than you can utilize steam pressure without its motor.

It is a question of justice, and not of humanity or charity. The workman is a moral agent. His entire personality must receive due consideration. You cannot prescind from his natural rights and his dignity as a man without falling into arbitrariness and injustice. If employers and employed have mutual interests and would render their mutuality effective, they must acknowledge and fulfil their respective duties. Let the employer respect the dignity of the workman whom God Himself treats with great respect. Workmen, on their part, must fulfil

faithfully and justly all they have engaged to do; they must not injure the employer, either in his person or in his effects; their demands should be made without violence. Permanent relations are maintained by a firm sentiment of reciprocal interests and duties.

ARBITRATION AND CONCILIATION.—Boards of arbitration and courts of conciliation are perhaps the principal and most successful methods yet adopted for the adjustment of labor disputes. The former, as a rule, decide actual, definite grievances, while the latter are permanent, take action on all difficulties arising between employers and employees, and endeavor to prevent strikes by fostering stable and kindly relations. Courts of conciliation have produced very encouraging results wherever established.

Voluntary arbitration can only be made successful through the influence of public opinion and the willingness of the two parties to an issue to submit to an amicable adjustment of difficulties. It has been found in this State that the method of entering into annual agreements as to wages and hours has been productive of the best results. We have had very few strikes in the mechanical trades owing to their thorough organization and system of making agreements for a specified time.

The greatest trouble comes from unorganized or newly organized bodies of unskilled workers, who precipitate strikes without any consideration as to their ability to maintain their demand or to the idle class ever waiting for employment. They

forget that it is always the idle class that regulate the wages in such instances. Without the influence of an intelligent public opinion voluntary arbitration would not be effective, as neither of the parties to the issue seem willing to arbitrate unless they think that they cannot enforce their views by strike or lockout.

It is only when the supreme law of justice holds sway that we can expect any effective system of voluntary arbitration. It is the denial of this fundamental principle of justice that makes all these conditions between employers and employees possible and the appeal to arbitration impossible.

Our own State, through its Board of Mediation and Arbitration, settled seventeen strikes and failed in fourteen, and fifteen of them were settled by other means than through the Board of Mediation; so that there were only forty-six out of four hundred and fifty-five that were actually treated by the State Board of Mediation and Arbitration. This would go to show that the natural tendency of men is to doubt, whether they have reason or not, and to lose confidence in State boards; and then there is the other tendency that is growing up among our people of arriving at mutual understanding themselves and selecting men of their own choice for arbitrators.

We have had a case where Bishop Henry C. Potter, acting as arbitrator in a wage dispute between the labor organizations and the employers in the marble industry in New York City, rendered a decision satisfactory to both sides. Since that time

these unions and the manufacturers have entered into periodical agreements.

The Hon. Seth Low, then President of Columbia University, settled by arbitration a strike of printers in New York City. President Low has also adjudicated controversies in other trades. In the case of the printers the main point in dispute was recognition of the union, and the decision was favorable to the union. Mr. Low took the view that if the union printers in the employ of the firm at that time were in the majority then the whole shop should be union. That was the ground on which he rendered his decision, and the employer has abided by it ever since.

I have always believed that in quasi-public employments, that is, all businesses conducted by virtue of a national or State charter, compulsory arbitration would be feasible, because in that case the employees could be either registered or licensed and made amenable to an arbitration board's decision. For all general employments the only hope of peace is the creation of such a public opinion that neither party to a controversy could disregard. In the last analysis it is simply a question of recognizing the law of justice and acting accordingly.

ARBITRATION

WILL IT PAY?

BY CHARLES BUXTON GOING

"WILL it pay?"

Bald and sordid as the question may sound, it is the vital one for the advocates of arbitration to answer. Men are gaining a broader comprehension of what is implied by "paying"—are learning to look beyond the shop door and the end of the working day to see that a man's labor is a physical expression of his life, and will never reach its possible maximum of efficiency until his body and mind are made and kept as efficient as possible.

Advanced manufacturers generally are adopting a "humanitarian" policy which they would have rejected contemptuously a very few years ago, and everywhere is apparent a growing appreciation of the necessity of acknowledging the ethical method as well as the cosmic in the government of industrial works; but this is simply because of the clearer vision which has been granted to—or forced upon—the world as to what really does "pay." The specifications are the same; the methods of testing only are different. The only demonstration needed to

advance the cause of arbitration, then, is that, tried by the widely comprehensive tests which the economic world has learned to accept, "it pays"—that, in the large, it increases the economy of production.

It is hardly more than a truism to say that the pursuit of economy is the controlling motive in modern life—at least on the material side. Economy is the quickening power in every movement of mechanical progress or industrial advance; it is the determining principle in the final ruling upon every case brought to the test in the progressive adjudication of social and industrial problems.

Does this system, or that appliance, tend to cheapen production and to better the product? Then manufacturers may demur and labor may oppose, but the new practice will steadily dispossess the old, and in the end triumphantly prove its fitness by bringing in its train better things than it drives before it. This has been proved over and over again, and never more strikingly than in the century just closed.

INDUSTRIAL REVOLUTION.—Methods of dealing with almost every phase of productive activity and contributory function have been revolutionized, all in the interests of greater economy. The whole history of the introduction of machinery, of its constant betterment, of its ever-spreading application, of its continual creation of widening fields for swarming armies of workers, is one great embodied sermon on the same text.

Prevention of waste, reduction of friction, taking up of lost motion, averting of stoppage, concentration

upon actually useful work, the production of more results and better results from less effort — these are the controlling lines by which the whole structure of modern industry is shaped. It is needless, except by way of analogy, to recall the bitter opposition of short-sighted economists to every step of this progress. Sometimes vested interests and sometimes laboring classes have been marshalled in desperate resistance to apparently impending destruction, and have called upon society to save itself from crashing down in the ruin which would surely follow the attempt to replace so essential a part of its own structure.

It cannot be pretended that individual hardship did not occur, but in the main the new institutions were largely modelled from the materials of the old, the benefits were immeasurably greater than the pains, and it soon became apparent that any sufferings caused by the changes were trifling compared to those which would have followed the attempt to maintain an old system no longer adequate to the needs of the world.

And so, ever justifying itself by its results, the process of intensification in production has gone steadily on in the mechanical world, striving ever for the ideal of continuous operation at the maximum of economy, and finding, as it comes nearer to this ideal, continually rising gains for all—for the manufacturer, whose plant produces more units of profit-bringing product against a fixed amount of maintenance charges; for the operative, whose wage rises in proportion to his increased productivity; for

the consumer, who buys more and more cheaply as competition between sellers forces prices down parallel with the falling cost of manufacturing.

All this is familiar—almost hackneyed. It is summarized here only because it pictures most visibly the economic conditions of the times by which must be tested every matter offered for incorporation in the industrial system.

ARBITRATION AND ECONOMY OF PRODUCTION.—Will arbitration increase the economy of production? Will it operate to prevent waste, to reduce friction, to take up lost motion, to avert stoppage, to concentrate effort upon useful work, to produce more results and better results from less total effort —in short, will it tend to yield the maximum of serviceable product, with the maximum of satisfaction, from the minimum of expenditure?

Can there be any answer to this but an emphatic "Yes"? Can there be any feeling but condemnation mixed with wonder toward a system which in its present stage spends exhaustive study in saving a fraction of a pound of coal burned under the boiler, and wastes unmeasured human energy wrangling with the fireman while the costly plant stands idle? Which spends unlimited money and brain power perfecting machines that can run continuously without stoppage for readjustment, and then tolerates weeks of inactivity while struggling over an adjustment with the machine tenders? Which "scraps" unhesitatingly tens of thousands of dollars' worth of transmission machinery in favor of a newer type giving a higher percentage of efficiency,

and tolerates the wastage of hundreds of thousands in strikes and lockouts, brought on by clinging to an antiquated system for transmitting an understanding between employer and employees, which system has about as low an efficiency as possible?

Would any sane board of managers attempt to run a railway, or start an electric-lighting plant, or operate a mill or factory, or send a liner to sea, with a mechanical equipment which was certain to break down periodically and lie in inevitable idleness until repairs could be patched up? And yet that is almost an absolute analogy to the status of labor conditions throughout nearly the whole range of such enterprises.

The explanation—at least a large part of the explanation—lies in the fact that progress has been too rapid to be symmetrical, and not unnaturally attention was directed first to those things which could easily be seen, felt, weighed. The physical elements of the manufacturing and transportation system have almost engrossed attention; the less material ones have received comparatively little systematic study.

In fact, there has been a certain tacit acceptance of the idea that they were uncontrollable, and that salvation in the struggle for supremacy in industry was to be found through making the machine so perfect that its economy would offset the unavoidable losses from time to time caused by the unruliness and irregularity of the man. It is only lately and still very imperfectly recognized that there must be a fitting of methods of management to methods

of manufacturing—that the organization of a great work of any kind has more to do with its success or failure than its equipment has.

The idea is spreading slowly; its apostles as yet are few, and their preaching is not always heeded. But the mechanical triumphs of to-day were won against equal scepticism. But a few decades ago it was "demonstrated" that no steamer could ever cross the Atlantic, because her engines would need more coal than she could carry; but a few years ago faith in the reliability of steam propulsion was yet so weak that sails were still carried. Electric light and power have hardly yet shaken off the suspicion of being incomprehensible, unreliable, and possibly of evil repute. "Machine-made" has still a suggestion of reproach. But the steamship and the dynamo and the machine won their way because they performed certain functions better, more cheaply, and in the end far more reliably than the agencies they displaced. And so will a rational system of adjusting relations between employer and employed win its way against the wasteful, discordant, racking, and wrecking methods now generally followed.

The world is being rapidly aroused to an appreciation of the hideous wastefulness of war. The cost of it is creating a sentiment which the inhumanity of it never succeeded in making potent. South Africa and the Philippines, it is safe to say, are doing more to discourage war than all the disarmament advocates of the day, with The Hague Conference thrown in. But if war is being discredited

politically, it is far more so industrially. We do not need to look for an object-lesson.

AN OBJECT-LESSON.—England furnishes an example, full of meaning, of the mutual disaster to manufacturers and workmen which comes from the fight-to-a-finish method of adjusting labor troubles. It was perhaps the first instance large enough in proportions and clear-cut enough in its setting to be easily studied and correctly estimated. Most labor wars have been (broadly speaking) local, and while tolerably accurate figures of their cost have been presented afterward by statisticians, no graphic representation of the effects was possible; standards of comparison were confused by similar troubles elsewhere in the country; comparisons with other countries were impracticable on account of national differences of conditions. But in England, in 1897, the entire engineering trades, including practically all the mechanical industries which furnish the bulk of her export manufactures, became involved in a general strike and lockout, which was fought to its finish in January, 1898. The scale of operations was national; the measure of consequences, owing to the late rapid extension of competition in engineering work, was international. Labor and capital were both more thoroughly organized than ever before. The struggle was comparatively free from local violence, destruction of property, or direct physical loss. The "treaty of peace" seems to possess the elements of justice and common-sense. Under it, according to an eminent British authority, work has since proceeded "with very great freedom from dis-

putes compared to any other period when there was an equal demand for labor."

This seems to be a result worth fighting for. What, then, is the "object-lesson"? What was the loss which should deter any other land from the appeal to force in settling labor questions?

Simply this: That in that year of stubborn idleness England lost trade which she is likely never to regain; that since then, and largely because of the foothold in English markets gained during that time, the United States have passed England in the race for first place as an exporting country—a place which England had held so secure and by so long a lead that she considered it was "England first, the rest of the world nowhere." The price she paid for an archaic method of settling industrial disturbances was an apparently permanent reduction in the volume of her vitally important export trade.

This is a matter which comes closely home to the United States. A very great proportion of the present prosperity of our country, especially in the iron and steel trades, machine, tool trades, and metal-working industries generally, is due to success in securing orders in foreign countries. Our gains in this direction have been won largely by higher adaptations of mechanical equipment and works-organization, and by fuller accord and cooperation between employers and workmen in advancing economy of production; but the determining impulse was given when England, the long recognized workshop of the world, stood idle and helpless to fill the orders of her patrons because her

entire industrial machinery was stalled and deadlocked, trying to smash to pieces an obstruction which, with a wiser policy ruling, might have been removed without stoppage.

While British masters and men clinched and struggled their customers went "across the way." And, as I wrote in the *Engineering Magazine* in May of 1900:

"Trade, forced into new channels, is often loath to return to the old ones. America was a permanent gainer by the long-protracted British engineering strike. She would be a permanent loser by similar troubles at home. Germany, as a competitor, is keener and more strenuous even than she was two years ago. England, awakened in every part, has been undergoing a reorganization approaching almost to an industrial revolution. Expansion in the machinery trades, which was won with comparative ease by the United States when the conditions were peculiarly favorable to them, would be hard to hold when the conditions were adverse—harder still, if once it slipped away, to regain from competitors who now blend the best America's mechanical skill has devised with a commercial system she can as yet but faintly parallel."

If America is to hold and to improve her industrial supremacy she must perfect her methods of dealing between manufacturers and workmen as she has perfected her methods of building bridges and locomotives. The operation of her own factories and workshops must proceed as smoothly and continuously, with as little friction or heating or clash-

ing, as do the sewing-machines, the planers, the looms, or the engines with which she is supplying the four quarters of the globe. She must hold to and extend the employment of reason, justice, and common-sense in the settlement of trade difficulties. She must send the lockout and the strike to the scrap heap along with the thousands of other inefficient and obsolete devices she has thrown out of her shops. Their wastefulness is intolerable, and should be abhorrent.

TRADE CONFERENCES.—The growing movement toward organization, among employers and workmen both, affords the perfect machinery which should be installed in place of the old disorder. I believe that in the conferences of the leaders of manufacturers' and workmen's organizations lies the complete solution of the matter.

The overwhelming majority desire only what is fair and just, and in the organization the few hotheads are harmless against the prevailing reason of their fellows. Most of the difficulties of the past have arisen from partial ignorance, on the part of each side, of the views, the difficulties, and the surrounding conditions of the other.

Organization facilitates association, and association promotes understanding. In this voluntary arbitration, in which the representatives of the co operating parties—capital and labor—are their own arbitrators, I believe lies the perfection of harmony and the completion of economy in the industrial world.

I do not go so far as to say that it is never

necessary to fight. The upholding of a principle may be worth anything it costs. Much of the priceless knowledge we have has been won out of the striving and suffering of battle. Many of the laws which will be recognized in the future adjustment of labor difficulties were proved only at fearful cost in bygone strikes. But the body of experience now gained should make further contention almost, if not quite, impossible.

Breaking tests are necessary to determine the strength of materials—but the engineer does not go on testing every individual structure to destruction. The old adage says: "In time of peace prepare for war." I offer a newer paraphrase: "From lessons of war prepare a stable peace."

COMPULSORY ARBITRATION

NEED OF A NATIONAL COURT OF ARBITRATION

BY WALTER FIELDHOUSE

THE most vital question now before the American people is that of labor versus capital. The contention between the two is now assuming such gigantic proportions as to be a matter of national importance.

What are the prevailing conditions?

Consolidated capital is organized to reduce competition and uphold the price of merchandise. Consolidated labor is organized to reduce competition in unskilled labor and uphold the price of skilled labor.

Centralization of corporate bodies, as well as the centralization of government, is desirable and beneficial if conducted on honorable lines. Consolidated capital forms commercial unions to prevent the overproduction of cheap goods. Consolidated labor forms labor unions to prevent an overplus of cheap labor. The fundamental principles of each being similar, one cannot reasonably interpose objections to the principles of the other. Both, however, aver that their theories and objects are different. Labor says the motto of the capitalist is "To have and to

hold." Labor has no confidence in the good intentions of capital, and capital retaliates by having no confidence in the good intentions of labor.

Confidence is the keystone of our success in all things,—confidence in our form of government; confidence in the banks that receive our deposits; confidence in the merchants to whom we extend credit, and confidence in the workman for faithful services rendered. Without confidence the whole commercial superstructure falls.

The interests of labor and capital are mutual. The working man of yesterday is the employer of labor to-morrow.

There are unmistakable signs that labor and capital are drifting farther apart. These signs are accentuated by the prevalence of long strikes, lockouts, and the attending stagnation of labor and business interests. The reason of all this turmoil is attributed to the lack of a proper tribunal or labor court of appeal to which such matters can be referred for final adjudication and settlement. The State Board of Arbitration has no jurisdiction in the premises unless both parties are willing to submit their case by mutual agreement, and abide by the verdict. National consolidated corporations would decline to try their case before any but a national court of arbitration, and the National Federation of Labor might advance the plea of being able to settle their own affairs without the aid or consent of any court of arbitration.

Textile industries have not been troubled much by strikes or labor troubles during the past few

years. While operatives have formed unions for their own protection and for an average wage scale, the industries in the West are scattered and local conditions so diversified that labor strikes are very rare. The protective tariff has secured our home markets and kept manufacturers busy, giving steady work to their operatives. Western textile manufacturers have not formed consolidated companies, as many have done in the East; therefore labor has not become a solid phalanx or union for personal protection.

Western manufacturers have not grown rich, but have grown reasonable in their dealings with employees. When differences of opinion concerning wages have taken place, it has proven most satisfactory to invite the operatives to select a committee of three or five from their number to hold a conference with the manager for an adjustment. This course has never failed, because it has established confidence.

My personal observation has been that the American workman cannot be driven, but will never cease in his loyalty and fealty if properly led. I maintain that the deep gulf which exists between those who have labor to buy and those who have labor to sell, originates in a lack of good-will between employers and employees.

But textile manufacturers and operatives have troubles of their own in other directions. Fifty years ago the factories in the New England States were operated almost exclusively by native-born Americans. They were thrifty and economical,

saved their money, and many of them owned their own homes. But keen competition among the Yankee manufacturers and a desire to hold the markets and undersell their competitors turned their attention in another direction—the cost of labor. Consolidation of capital and upholding of prices of goods would have been the proper course. What was the result? Labor felt the first effects, and French-Canadians crossed the border by thousands and supplanted the natives of New England at much lower rates of wages. The French-Canadians lived in squalor, were economical, and saved their money, had no interest whatsoever in the affairs of their adopted country, and their consuming ambition amounted to the sum-total of a desire to accumulate enough American money with which to return home and purchase Canadian farms upon which to spend the balance of their lives. The condition is much the same to-day, and the native American has been forced out.

A new condition presents itself in another direction. The Southern States offer inducements for manufacturers to erect plants south of the Mason and Dixon line. In addition to mild climate, the principal inducement appears to be that labor is cheap, the hours of toil unlimited, and no restriction placed upon child labor.

Labor is the first to feel the sting in both cases enumerated, and the uninitiated naturally wonder why the working man has general cause for complaint.

There is another cause of discontent. The rules

of organized labor insist that the entered apprentice be taught a thorough knowledge of his duties before being passed as worthy and well qualified to accept any position. No man can become a lawyer without having made a diligent study of his profession. The law is very inflexible upon the proposition that an apothecary must have a thorough knowledge of drugs before compounding prescriptions for the public, and the law is very drastic and severe on the thorough knowledge and skill required of a doctor or surgeon before being permitted to operate upon the human anatomy. Yet we are all permitted to hire, if need be, a bootblack to run public elevators in our buildings or works, and daily jeopardize the lives of citizens, without the slightest restraint, compunction, or penalty. The law says the elevator shall be examined. The law makes no provision as to the efficiency of the operator. Organized labor insists that the operator shall also be examined. Organized capital says this is an encroachment upon its right of eminent domain.

Self-preservation being the first law of nature, we have approved a tariff law which protects us against invasion of foreign-made goods. This secures to us our home markets, conditionally, of course, upon the assumption that labor and capital are on terms of complete amity. The American workman generally approves of the protective tariff, but asks protection against the possible contingency of the importation of cheap and unskilled foreign labor. The Government of the United States offers this protection by prohibiting imported contract labor.

Labor unions in Great Britain have so thoroughly organized and been so exacting in their requirements that there is now a movement on foot among manufacturers to remove their plants to this country, where they feel that labor organizations are more reasonable in their demands.

I would suggest the following as a remedy against prevailing conditions:

1. Thorough enforcement of compulsory arbitration.

2. A national law prohibiting children under the age of sixteen being employed in any factory or workshop.

3. A national court of arbitration having general authority to hear cases and disputes between capital and labor and with power to inquire into, settle, or adjudicate the same upon their merits. Members of this court to be elected every four years upon the national ticket.

4. A national department of commerce to extend our commercial interests at home and abroad.

5. A secretary of the national department of commerce to have a seat in the Cabinet.

COMPULSORY ARBITRATION

ARBITRATION COURTS A LOGICAL NECESSITY

BY HENRY DEMAREST LLOYD

INSTEAD of being "A Country where Work is War"—and civil war at that—America might be something very different. In little more than ten years we have had the battles of Homestead, Pullman, and Hazleton, the massacres of policemen in Haymarket Square during the eight-hour strike in Chicago, and of the coal miners at Latimer. In the street-car strikes of Cleveland, St. Louis, Albany, and other places, we have had riots bloodier than many South African encounters worthy of cablegram immortality. Our streets have been turned into shooting-galleries for troops who practise on the innocent and the guilty alike, on men, women, and children, killing peaceable citizens and merchants standing within the shelter of their own places of business. Instead of thus being "A Country where Work is Hell" because it is war, and where we may have to breathe air thick with murder and dynamite whenever the buyers and sellers of labor have a difference of opinion about price, we might through all these years have had "A Decade of Peace" and

the United States might have been "The Country without Strikes."

But we have already travelled—and suffered—three quarters of the way toward this delightful and inevitable consummation. All through the civilized world the people are working more and more toward arbitration. There are national and local and trade tribunals, public and private boards engaged in keeping the industrial peace. They have often succeeded in keeping it, and keeping it well. They have done vast good and repaid a hundredfold all they cost in labor and money. This is the necessary preliminary work before the final solution of the problem. Arbitration of labor disputes by disinterested outsiders has been proved practical and beneficent. The next step is to organize it into an institution. We must lift it from the region of the private into that of the public, from the temporary to the permanent. We must make it the sure refuge of all instead of the accidental good fortune of a few, and create out of the general duty of arbitration the general right of arbitration.

Every man who says that public opinion is the real arbiter between labor and capital therewith gives away the whole case against arbitration courts. If it is true that public opinion is the arbiter, as every one says—the parties themselves are not the arbiters. The decision does not rest with them, but upon a tribunal outside of them. They have no absolute right to make war, disturb the peace, prosperity, and happiness of themselves, each other, and the people. If it is right to go outside the combat-

ants to find an arbiter, it is right to find the best arbiter, and to make his intervention final and efficient.

We must have "a sound public opinion," as Bishop Potter says. But a sound mind must have a sound body, and if public opinion is the mind of society the law is its body.

We must have a "Board of Investigation," as Mr. Charles Francis Adams says. Our courts are boards of investigation, and their investigations investigate, because they have the power needed to compel the facts to come out into the light. But after investigation, what? What would be the use of the investigations of the courts if no one needed to mind what they said unless he felt like it?

We shall get this great blessing of peace in industry just as we got peace in our streets—by public opinion, but it will be public opinion plus a law. Democracy is public opinion plus the law, and obedience to the law is voluntary for the majority and compulsory only for the intractable.

All our institutions—the family, property, government—rest on public opinion, but it is not a public opinion without statutes, courts, and sheriffs, nor, if need be, without the *posse comitatus* and the Federal troops for secessionists.

It is the "Mind Cure" theory of politics that reform is to be secured by mere public opinion, and it is a theory which its advocates take care never to practise on themselves.

Only thieves and philosophical anarchists wish to leave the ownership of property to the settlement of

public opinion. Let the gentlemen who advocate that those questions of the ownership of life and property which we call strikes and lockouts shall be made subject only to the pressure of public opinion convince us of their sincerity by offering to leave their property, their charters, their rights, under the protection, also, of public opinion without law. As Voltaire said to the proposal to abolish capital punishment, "Let the assassins begin the reform."

First the private effort, then the public institution. First the kindergartens of Froebel and his followers, then the kindergartens of the public schools; first the conscience of the slaveholder in the South —the Washington or the Randolph—freeing his slaves, the conscience of the Garrison or the Phillips who will not let the North remain the accomplice of a great wrong, and then the Emancipation Declaration and the Fifteenth Amendment. The private stage of arbitration is near its end. It has done its work by proving that labor disputes can be settled by disinterested outsiders. The next step is public arbitration, arbitration by law, arbitration by courts in which the settlement of labor disputes, if otherwise irreconcilable, shall be organized as an institution.

In this age of "Agreements among Gentlemen" —to keep their hands out of each other's pockets only—the age of the duello seems remote indeed. Public opinion put an end to the duello, but it did so with the help of the officers of justice. Public opinion will put an end to the duello between labor and capital, and it will do so by precisely similar means.

There could be no better credential for the idea of arbitration courts than the fact that the leaders on both sides are vehemently, passionately, opposed to it. Enemies in all else, union labor and union capital are friends in their fright at the suggestion that the public shall compel them to adopt rules of order instead of a military code. Organized capital and organized labor stop fighting each other to fight side by side against compulsory arbitration. Together they kill bills introduced into State legislatures for arbitration. They unite in widely advertised and expensively managed "Conferences" in opposition to it. They are class leaders of class movements seeking class advantage; the public is their quarry.

Without the help of any society, with no party, with no literary bureau, simply by the magnetism which justice draws from the general good-will and common-sense the agitation for arbitration courts makes headway day by day. It moves visibly along the line of the law of social progress never better expressed than by William Penn, the great commonwealth builder, when he said: "The path of peace is justice, and the path of justice is government." That is, it is the path of public opinion plus a law.

That indeed is the proper test of a real public opinion. Public opinion does not begin to exist until it has crystallized into the resolute use of all the power that is necessary: 1st, to investigate; 2d, to decide; 3d, to execute. Public opinion in labor disputes cannot get publicity without law. It does it nowhere else. Public opinion in labor disputes

cannot get obedience without law, compulsion. It does it nowhere else.

Whenever there is a strike or lockout the chief party in interest—the people—drifts helpless in the cross currents of a chaotic sea of public opinions which struggle in vain to be the "sound public opinion" for which Bishop Potter calls. All we have is a muddle of hearsay, street talk, newspaper reports, and "statements" put out sometimes in unscrupulous desperation by both contestants. This we must swallow without the possibility of disinfection by true publicity. The public does not know the facts. It knows it does not know them and it knows it cannot know them.

This butter-fingered tenderness about the use of "compulsion" means only that the public has not yet made up its mind. The American people do not yet want arbitration by courts. They have not yet thought enough or suffered enough. They are sure to suffer enough to make them think enough. When the people do want arbitration instead of war they will not hesitate in the true spirit of a virile democracy to use all the compulsion necessary to make the will and the welfare of the whole people the supreme law.

Arbitration courts are no more "compulsory" than other courts. Compulsory arbitration means only arbitration by law. Everything done by government, by law, is compulsion to the extent rendered necessary by the intractability of individuals or a minority. If we always say "compulsory arbitration" we ought also always to say "compulsory

taxation" or "compulsory sanitation" or "compulsory charities." In Boston or New York or Chicago, which have established baths at the expense of the city treasury, the taxpayers wash each other's feet by "compulsion."

Compulsory arbitration adopted by the majority after public discussion among a self-governing people is voluntary arbitration. To depend on private or unenforced arbitration is to make the preservation of the public peace a matter of accident, caprice, selfishness, or the good or bad humor of individuals. There may be arbitration or there may be not; the public may get the facts on which to base its judgments or it may not; the facts it gets may be true or they may be false; the party in the wrong may heed the decisions of public opinion if there is any such decision or any way to find out what it is, or he may not heed; public opinion without organs of investigation, expression, or execution may go right or it may go wrong.

Why the chieftains on both sides should be satisfied with this state of affairs, from which either may snatch a victory out of ruin for every one, including himself, is clear enough. But there is no reason why the public should submit to it. There are three parties to every labor question, and the greatest of these is the public. Whoever is the victor in war, the public is always the loser. It is true in labor wars, as Wellington said of the other kind of wars, that there is only one thing which can be more ruinous than a defeat and that is a victory.

Courts are poor things at best, but they average

infinitely higher in justice than war, especially private war. If there was an "intolerable decision" by an arbitration court it would be an exception. It is not the habit of the judges of other courts to render intolerable decisions, though they do it once in a while. In arbitration, public or private, it has not been the usual result that decisions were awarded which were odious or impossible. It is only reasonable to judge of the probable future of arbitration by the past. A court of arbitration would be composed equally of representatives elected by labor and representatives elected by capital. It would be presided over by a Judge of the Supreme Court of the United States. It would sit in the full light of publicity aided by experts with access to all books, persons, and papers. Such a court, however imperfect, would grind out in the long run decisions more tolerable and more practical than are ground out now by our anarchy court—our bench of "upper dogs," the victors, the fittest who survive.

Labor troubles as it is are passing under the control of the judges, and will do so more and more. "Capitalist judges!" the working men say. Far better for the striker that the "capitalist judge" sit in such an arbitration court than in a star chamber.

What the ultimate choice of the public will finally be between the fear of "intolerable decisions" and the fact of the intolerable anarchy we now suffer is not a difficult prophecy. It is a choice of compulsions anyhow. On one side the same compulsion as now in other disputes of neighbors—to come into court if summoned and if no settlement can be made

outside. On the other hand the compulsion of ruin or surrender for the capitalist, of starvation or surrender for the laborer, and on the public the vastly greater sum-total of all the compulsions put upon all its parts. Between these compulsions we need expect a civilized people, the very breath of whose life is reliance upon the processes of law instead of whim or violence, to hesitate only long enough to understand the issue.

The humane employer, the reasonable, broad-gauge, righteous man, is now at the mercy of the worst among his competitors. Strikes are often not really contests of employers with employees, but between employers who are cutting wages in order to cut prices, and are using their working people as troops in warring against each other. "Business is business," and the man who would like to do business so that it would also be good-will among men must suppress such sentimentality and keep up with the pace set for him in the practical world or go out of the world. An arbitration court would protect good employers and honest business men by setting up for all their competitors a standard of wages and conditions and quality of work below which none could go. Competition would be changed from downwards to upwards.

During a recent strike in Connecticut a judge, together with an injunction against the men, issued an attachment against all their homes, furniture, their lifetime savings in the savings-banks, and all their other property to make good any damage he might later decide they had done to their employers.

In Ohio a suit for $25,000 has been brought against some striking metal workers, which if decided against them will destroy their union and bankrupt every man. The House of Lords in England has just made a decision under which it will be possible to sweep into the pockets of employers, held damaged by courts, all the tens of millions of sick and old age and friendly benefit funds which have been accumulated for a generation by the English trade-unions, putting an end forever to the efforts of labor to combine against combined masters. Suits which may have this effect have been already begun.

How do the working men like this kind of compulsory arbitration?

Under the system of "arbitration" courts the liability of the working men would be limited to a fixed sum. The greatest amount collectable from a trade-union for a breach of award would be, say, $2500, and from an individual member, if his union would or could not pay, no more than $50 could be taken.

How do the working men like the compulsory arbitration they might have?

Down the vista which stretches between the disemployment with which his present compulsion begins and the starvation with which it ends, the American working man can see trooping on to meet him his police in riot drill, with Gatling guns, hired mercenaries dressed as deputy sheriffs, the "crack" regiments of militia, judges with injunctions, and with dungeons without trial by jury for contempt of court,—the new American *lèse majesté*,—and Regular

Army generals on manback with martial law and Idaho bull-pens.

How do the American working men like the compulsory arbitration they already have?

Under recent decisions in England (and employers' public opinion in this country apparently means to force a similar action) corporate liability is to be made practically compulsory upon labor organizations and is to be used as the last club with which capital will beat out the brains of labor. Under a system of arbitration, the right of incorporation would be made a privilege, an inducement, and a reenforcement to the organization of labor, and would be wholly voluntary.

In Ohio and New Jersey within a few months citizens have been fined large sums of money they could not pay and have been imprisoned without trial by jury because they spoke peaceably to their fellow-citizens on the public streets on such matters of business as the price of the goods they had to sell —their own flesh and blood.

Under the system of arbitration courts, "government by injunction" would be unknown, every man would be free to discuss every aspect of his business in court or out of it, the working men would elect in their own trade-unions one half of the judges, and all the books, papers, and witnesses needed to make clear every question would be within reach of this court of which they make an equal part.

This is the "compulsory arbitration" they might have; how do the American working men like the compulsory arbitration they have?

Judges decide questions of rent between landlord and tenant in Ireland. Judges in this country run railroads as receivers and fix prices of all kinds for laborers and shippers, for goods and supplies. Judges decide between opposing interests as to amounts of alimony, allowances in Probate Court, and awards for damages. In bankruptcy and receivership proceedings they deal with the most complicated questions of commerce and finance. They have power greater than the jury in settling the prices at which we sell our legs and arms to the railroad companies at unguarded grade crossings. Amateur judges and professional judges have shown themselves able in all kinds of arbitration proceedings to make decisions that were just and acceptable to both sides. Even if the presiding judge of the arbitration court with a casting vote were a "tool of the capitalists" the grist of this mill could not but be better than the grist of the injunction mill.

A judge cannot compel a man to work; that is true. Only a Pullman or a Spring Valley Coal Company can do that. Arbitration would have to leave and does leave workman or capitalist free to work or not, as he chooses. But it would say—and enforce it—that if he did work he must do it on the terms judicially fixed. The working man must have "the living wage," the capitalist must have "the living profit" fixed by the court. The community that has the right to forbid or control dangerous occupations has the right to forbid or control the most dangerous of all—that of creating paupers and derelicts.

An arbitration court would not compel the parties to arbitrate any more than ordinary courts compel them to litigate. But if one wanted to litigate instead of fighting in the streets the other must defend himself; that is all. The working men would be liable to be called into court by employers only if they were incorporated and registered intentionally for that purpose. At any time they could withdraw. The employers and employees could agree with each other never to go into the arbitration court; then neither would have to arbitrate. Employers could not summon employees into court in any event if these had not organized in order to make themselves subject to its jurisdiction.

The arbitration court would leave labor and capital free to make their own bargains as now. They could settle their differences in any peaceful way they chose; they could maintain private boards of arbitration or conciliation. The system would give special facilities for that. But if they would not or could not keep their troubles out of the way of the public, and if one of them would rather arbitrate than fight, the other must come into court upon being summoned.

Under arbitration courts employers or laborers could knock off at any time. They could stop for a vacation; they could stop because they had made money enough; they could stop because they had lost money enough. They could stop because they did not like each other's looks. All this "freedom of the individual" they would have. But under compulsory arbitration organized society, public

opinion plus a law, would say to either if brought into the court by the other: "You shall not stop work temporarily, in belligerency, to settle by economic violence differences that ought to be settled in economic peace. To force the other to make an unwilling bargain you shall not dislocate the markets, interrupt industry, spread devastation into innocent homes and businesses, and probably disturb the public peace, and bring on riots, arson, and bloodshed. If you will not settle your differences by private or public arbitration we will settle them or you can go out of business, but you must stay out until you are willing to play the game according to these rules."

Almost all industry is now carried on by corporations. Only from the State can their privileges and immunities be obtained. The State can make it a condition of all such concessions—as part of the bargain—that these, its creatures, shall use its arbitration courts. In return for incorporation demand arbitration! Corporations already existing can be brought under the same régime when renewal of their privileges is asked for or by the power reserved of modifying charters granted by the State. With compulsory arbitration thus voluntarily operating over more than half the field of modern industry it would easily make its way over the remainder.

The reef of "constitutionality" on which so many reforms have been wrecked can thus be avoided. But "unconstitutionality" can never permanently block social change. "Anything that is for human rights is constitutional," said Charles Sumner. This

truth is made complete by the equally memorable utterance of Mr. Dooley, that the Constitution follows the flag, and the Supreme Court follows the election returns.

"Compulsory arbitration" is no panacea. It is not a "social solution." It does not pacify the greatest war of all, the war which underlies the labor wars, the war between the House of the Million and the House of the Millionaire, the age-long war between the rich and the poor, in which emancipation of slaves and serfs and the enfranchisement of peoples were episodes, and which may be now nearing its final crisis. But though a conservative measure, and operating only within the boundaries of a world of social injustice, it is a vast improvement on the manners and methods of war, and would sweeten humanity for a sweeter solution of the greater question.

COMPULSORY ARBITRATION

INDUSTRIAL COURTS TO ADMINISTER INDUSTRIAL JUSTICE

BY CONRAD RENO

1. INDUSTRIAL JUSTICE.—The principles of law should be extended so as to include industrial justice. Charity is not sufficient to solve the problem of an equitable distribution of wealth. The workers do not ask charity, but industrial justice. There are many who suffer from the present wage system, and who will never obtain fair wages and fair hours without the assistance of the law. Free contract does not produce just results, because labor has not the economic strength or endurance of capital. The wage-earner is no better fitted to cope with the corporate employer than is the passenger or shipper with the railroad, or the gas consumer with the gas company. In these cases, the individual's moral right to fair rates has been made a legal right in many States, and boards or commissions have been established by law, with power to prescribe maximum rates for the future, based upon principles of justice instead of upon the principle of charging all the traffic will bear.

The moral right to fair wages and fair hours should be made a legal right by statute, and a public tribunal should be established to decide what shall be fair wages and fair hours. At present this is not a legal right. Judge Thomas M. Cooley, in his address as President of the American Bar Association in August, 1894, said:

"They (the ordinary courts) cannot enforce mere moral duties unless the law has made such duties legal also. But the vast majority of labor controversies involve, as between the parties to them, no question whatever of legal right. They involve disputes over wages or hours of labor, where no binding contract exists which fixes them; disputes as to the continuance of the relation, when one party or the other desires to terminate it and his moral right to do so is disputed, but not his legal right; disputes as to the employment of non-union men, and the like."

Until the legislature converts the moral right to receive fair wages and fair hours into a legal right, the courts can do nothing toward the attainment of industrial justice. The courts "can only decide on established principles and rules, and are not empowered to create rights or initiate new powers or privileges." [1]

Labor has been mistaken in believing that redress of this nature could be obtained in the courts without further legislation. As soon as the legislative department of government, however, declares by statute that the right to fair wages and fair hours

[1] Barr *v.* Essex Trades Council, 53 N. J. Eq., 101, 111 (1894).

shall be a legal right, and creates industrial courts to decide what shall be a fair minimum wage, and a fair maximum work-day, then the ordinary courts will enforce this right, because then the right will have ceased to be merely a moral right and will have become a legal right.[1]

The efforts of all lovers of industrial justice should be of a political nature, to obtain the passage of favorable laws; and until this has been accomplished, the courts should not be appealed to, as it is not the judiciary, but the legislature, which has the power to create new rights and to make them legal rights.

Industrial peace obtained by injunction and the bayonet, without industrial justice, is like "the peace of Warsaw." It does not allay social discontent; on the contrary, it greatly aggravates it, and causes labor to believe that the courts are on the side of capital and against labor in all disputes.

In a democratic republic like the United States this feeling among large numbers of men is dangerous in the extreme, and immediate steps should be taken to restore their faith and confidence in the judiciary.

This can be accomplished by creating industrial courts, empowered to investigate all the facts, and to decide what shall be a minimum wage and a maximum work-day, with special regard to securing industrial justice and preserving the American standard of living.

[1] Holden *v.* Hardy, 169 U. S., 366 (1898); Commonwealth *v.* Hamilton Mfg. Co., 120 Mass. 383 (1876).

The function of government should be extended through the industrial courts so as to act intelligently and justly upon all phases of industrial disputes. Industrial peace will never be long-continued unless accompanied by industrial justice. The victims of injustice feel it, and know that they suffer from it, even when they are unable to agree upon a remedy. The equity courts may continue to enjoin strikers from now to the crack of doom under the present system, without securing industrial peace, because their decrees are not based upon industrial justice, but merely upon a little knowledge of one part of the question, and no knowledge of the other parts of the question. The question in controversy relates to wages and hours of work, and the equity courts decide that A's recent employees must not interfere with A or with other workmen who wish to obtain their places. It is obvious that the decision does not meet the exigencies of the situation.

Industrial justice to labor requires full and complete knowledge of all these facts before a decree is entered by any tribunal. As the equity courts do not possess this knowledge and have no means of learning all the facts, they are unable to deal justly and intelligently with labor disputes. Their powers and processes are inadequate to the situation, because they act only upon one phase of the question. Industrial peace is important, but industrial justice is still more important.

This plan makes it the duty of an impartial public tribunal to see that labor has fair wages and fair hours; and the industrial court is given full power

and authority to ascertain all the facts bearing upon wages and hours, and to decide what shall be the minimum wage and the maximum work-day.

LABOR AND CAPITAL AS PARTNERS.—Labor and capital should be regarded as partners in production, and the product of their joint efforts should be fairly and equitably divided between the partners in proportion to the industrial value contributed by each partner. The "iron law" of wages, based upon supply and demand, should be disregarded, and the golden rule of wages should be substituted in its place. Human labor, being the creator of commodities, and being inseparable from a human being, should not be subjected to the commodity test of supply and demand in determining its money value.

After the industrial court obtains exact knowledge of the amount of wealth produced by a given corporation and its employees within a given time, it is not a very difficult matter to decide how much of that wealth should go to labor in the form of wages and how much should go to capital in the form of dividends. Questions of the same nature are decided by railroad and gas commissions when they fix rates and charges, and the decision should be based upon similar principles. A corporate employer should not be allowed to beat down wages below the American standard of living any more than a railroad should be allowed to charge all the traffic will bear. The law should protect the employee from low wages just as it protects the public from high railroad rates and high gas charges. Wages should be a first charge upon production, and no corpora-

tion should be allowed to pay less than the minimum wages fixed by the industrial court after due investigation of all the material facts. Freedom of contract between a corporation and an individual workman does not produce just wages or hours, any more than freedom of contract between a railroad and an individual passenger would produce just rates. The law should interpose in both cases to protect the individual from the superior industrial strength of the corporation.

At present, the worker has no means of learning the exact amount of wealth which he produces by his work, and he has no legal tribunal to help him in obtaining his just share of the wealth produced by himself and others.

Under this plan, whenever a large number of the employees of a certain corporation feel that their wages are too low or their hours too long, they may appeal to the industrial court to investigate and decide these questions, and no interruption to production will occur, as has been demonstrated in New Zealand, where industrial courts have existed since 1895.

The labor situation of to-day resembles the rent situation in Ireland prior to 1881. Frequent disputes between landlords and tenants arose as to the amount of rent; evictions were common and brutal, and attended with violence, destruction of property, and loss of life. The tenants combined and organized for mutual protection, and boycotted some of the landlords and their agents. Rents were fixed by contract between the parties, but the tenants claimed that the rents were too high and unfair.

peacefully settled, and rents have been reduced more than twenty per cent. on the average.[1]

A large number of commissioners has been employed upon this work in Ireland since 1881, and, considering the source of their appointment, it is not strange that their decisions have not been uniform, nor that some of them have failed to meet the requirements of industrial justice. In nearly all cases rents have been reduced, but the reductions have varied from eight or ten per cent. to forty or fifty per cent.

The results have not been entirely satisfactory to the Irish people, but the dissatisfaction is due chiefly to the fact that the judges and commissioners do not derive their authority from the Irish people, but from the English Government, which has been controlled a large part of the time by Ireland's political opponents. If the Irish people controlled the ap-

[1] A report of a select committee of seventeen members appointed by the House of Commons to investigate the working of this act in 1894 shows that the gross amount of rental dealt with from 1881 to March 31, 1894, was £6,140,602, and that this total has been reduced by £1,279,475, or 20.8 per cent. The same report, dated August 20, 1894, also states that the total number of fair rents fixed by the different methods permitted by the statute from 1881 to March 31, 1894, was 294,654, divided as follows:

By Land Commission Courts	157,178
By County Courts	15,537
By Landlord-and-Tenant Agreements	121,902
By Voluntary Arbitration under Sec. 40	37
Total number of rents fixed	294,654
Cases struck out, withdrawn, or dismissed	60,236
Total number of cases	354,890

pointment or election of the Land Court judges and commissioners, there would probably be no dissatisfaction in Ireland upon the rent question. The experience of Ireland since 1881 has proved that the judicial principle of fixing rents by impartial tribunals is much better and fairer and more conducive to industrial peace and justice than the former method of fixing rents by free contract between the parties. Even the Conservative party has admitted the truth of this, by extending and keeping alive the law of 1881 to the present time.

Starting with an impartial tribunal, the attainment of industrial justice depends largely upon knowledge and power,—knowledge of all the material facts, and power to enforce its conclusions. At present we have no tribunal which possesses the means for obtaining knowledge of all the material facts, nor is there any power to enforce just conclusions upon the subject of wages and hours. It is therefore not strange that we suffer from industrial injustice. Under this plan, impartiality and knowledge would exist in the industrial court, and the power to enforce its conclusions would exist in the ordinary courts of law.

The industrial court should be controlled by the people of the state or country in which the industrial dispute arises, and not by some foreign or unsympathetic power. When a labor dispute arises between a corporation and a number of its employees, the industrial court should possess the power to hear the parties, to compel the attendance of witnesses and the production of books and papers,

peacefully settled, and rents have been reduced more than twenty per cent. on the average.'

A large number of commissioners has been employed upon this work in Ireland since 1881, and, considering the source of their appointment, it is not strange that their decisions have not been uniform, nor that some of them have failed to meet the requirements of industrial justice. In nearly all cases rents have been reduced, but the reductions have varied from eight or ten per cent. to forty or fifty per cent.

The results have not been entirely satisfactory to the Irish people, but the dissatisfaction is due chiefly to the fact that the judges and commissioners do not derive their authority from the Irish people, but from the English Government, which has been controlled a large part of the time by Ireland's political opponents. If the Irish people controlled the ap-

pointment or election of the Land Court judges and commissioners, there would probably be no dissatisfaction in Ireland upon the rent question. The experience of Ireland since 1881 has proved that the judicial principle of fixing rents by impartial tribunals is much better and fairer and more conducive to industrial peace and justice than the former method of fixing rents by free contract between the parties. Even the Conservative party has admitted the truth of this, by extending and keeping alive the law of 1881 to the present time.

Starting with an impartial tribunal, the attainment of industrial justice depends largely upon knowledge and power,—knowledge of all the material facts, and power to enforce its conclusions. At present we have no tribunal which possesses the means for obtaining knowledge of all the material facts, nor is there any power to enforce just conclusions upon the subject of wages and hours. It is therefore not strange that we suffer from industrial injustice. Under this plan, impartiality and knowledge would exist in the industrial court, and the power to enforce its conclusions would exist in the ordinary courts of law.

The industrial court should be controlled by the people of the state or country in which the industrial dispute arises, and not by some foreign or unsympathetic power. When a labor dispute arises between a corporation and a number of its employees, the industrial court should possess the power to hear the parties, to compel the attendance of witnesses and the production of books and papers,

and to decide what shall be a fair minimum wage and a fair maximum work-day for a reasonable time in the future, not exceeding two years; but the court should not be authorized to order employees to work, nor to order capitalists to carry on business. The ordinary courts of law should be given the power to try corporations charged with violations of such decisions of the industrial courts, and to impose appropriate penalties, in the form of fines, receiverships, and forfeitures of charters. These powers and penalties are sufficient to ensure the practical working of the plan. In the course of time, every corporation would be obliged to conform to the standard wage and work-day established by the industrial court.

This plan of industrial courts occupies a middle ground between the inefficiency and weakness of voluntary arbitration on the one hand, in which there exists no power to decide the question in dispute without the consent of both sides, or to enforce the decision, and, on the other hand, the tyranny of compulsory arbitration, in which an employee may be fined and imprisoned for working at less than the wages fixed by the board, or an employer may be fined or imprisoned for discharging or refusing to employ certain workers.

Under this plan, no fine or imprisonment attaches to the individual, whether he be an employer or an employee, a stockholder or a bondholder. The corporate employer is the only legal entity which is subject to penalties, and it only for violations of the prior decisions of the industrial court. If the cor-

poration is unwilling to pay the minimum wage, it may cease business and thus avoid all penalty. It may also select its employees and discharge them for any reason which is now valid at law If the employees are not willing to work upon the wages and hours fixed by the industrial court, they may refuse to work, or may work at any other wages or hours, without incurring any penalty. The desire of the corporation to earn dividends and the desire of the employees to earn wages are sufficient to keep the wheels of industry in rapid motion.

That the penalty is imposed only upon the corporate employer and not upon the employees is justified by usury laws, which impose a penalty upon the money-lender, but none upon the money-borrower, and also by the laws authorizing railroad and gas commissioners to fix maximum rates, which impose penalties upon the corporations, but not upon the individuals.

A minimum wage without a penalty upon the wage-earner differs materially from a maximum wage with a penalty imposed upon the wage-earner for accepting higher wages. The purpose of all the early laws and decisions concerning wages was to reduce wages below the market-rate or contract-rate, and a maximum wage was therefore fixed, and a penalty was imposed upon the wage-earner for asking or receiving higher wages. This policy was inaugurated by England in 1351, shortly after the Great Plague or Black Death which carried off one third of England's population, and was continued for several hundred years. The contract-rate of

wages immediately after this plague was double or treble that which prevailed just before the plague, and the employers desired to reduce wages to the former rates. The first Statute of Laborers was re-enacted thirteen times within the century following its passage, and the cruelty and injustice practised upon the laborers under these laws embittered them against the Government and against the employing class, and was one of the principal causes of the Peasants' Rebellion.[1]

It is apparent that these early Statutes of Laborers deprived the workers of industrial liberty, and created a state of practical slavery. The effect of the industrial court law, on the contrary, would be to enlarge industrial liberty and to lessen industrial license. It would protect the great majority of the honest employers and able workers from the few greedy employers and needy workers who now hold a license to cut wages and prices of the product, and indulge in unfair competition. The industrial court would prevent wage-cutting and thereby increase industrial liberty for the majority of both classes.

At present an employee cannot be compelled to perform manual labor or services for his employer, even when he has contracted to perform such labor or services, and any statute which purported to authorize a court to compel the specific performance of such a contract would be unconstitutional and void,

[1] *Industrial and Social History of England*, pp. 107, 110, by Prof. Edward P. Cheyney (1901); Rogers's *Six Centuries of Work and Wages*; Savage's *Winthrop*, vol. i., pp. 36, 138, 139; vol. ii., p. 29; Opinion of the Justices, 163 Mass., 592 (1895).

as contrary to the Thirteenth Amendment to the Constitution of the United States.[1] The only exception to this rule in civil life is that of sailors, who enjoy special favors under the law in other respects; if they desert the ship during the term of their contract, they may be arrested and returned to the ship to perform their contract for services.[2]

When the industrial court fixes a minimum wage in a dispute between a certain corporation and its employees, it necessarily bases its decision upon a certain quantity and quality of work, which should be fully set forth in its decree. The decision of the industrial court merely establishes that the corporation in question shall not pay less wages than the sum named for work of the prescribed quantity and quality. Its decision does not preclude an inquiry by the ordinary courts into the question of the workman's compliance or non-compliance with the quality or quantity of work stated. If the employee sues the corporation in a court of law for the minimum wage, he must prove that his work in quality and quantity is equal to that prescribed by the decree of the industrial court; if his work be inferior in these respects, he can only recover a smaller sum as wages. If the corporation is prosecuted in the ordinary courts upon the charge of paying less than the minimum wage to A, B, or C, the Government must prove, not only the payment of less than the

[1] Arthur *v.* Oakes, 63 Fed. Rep., 310; 11 C. C. A., 209 (1894); Cote *v.* Murphy, 159 Pa. St., 420, 425 (1894); *In re* Debs, 158 U. S., 564, 598 (1895); Mary Clark's Case, 1 Blackford (Ind.), 122 (1821).

[2] Robertson *v.* Baldwin, 165 U. S., 275 (1897).

minimum wage, but also that the work performed by A, B, or C was equal to the standard prescribed by the industrial court; and if the Government fails to prove these facts, the accused corporation should be found not guilty. These provisions protect the employer from the injustice of being compelled by law to pay standard wages for work below the standard, and render the law of industrial courts just and constitutional.[1]

This plan also protects the honest and humane employers from the cut-throat competition of their dishonest and unscrupulous rival in the same line of industry. "Private industry is such that, very generally, one man, mean and unscrupulous, is able to coerce nineteen others."[2] The former have to compete with the latter in the sale of the product, and, under the existing system of unregulated wages, the mean employer often succeeds in beating down wages below a fair standard, and thereby increases his profits while underselling his generous competitors. With this plan of industrial courts in operation, however, the mean and unfair corporation could be compelled to pay the standard wage, or cease business, and both classes would stand upon an equal footing in the large item of labor-cost.

2. STRIKES, LOCKOUTS, INJUNCTIONS, AND PROSPERITY.—Under the existing system, to strike

[1] Com. *v.* Perry, 155 Mass., 117 (1891); Opinion of the Justices, 163 Mass., 589, 594 (1895); Hancock *v.* Yaden, 121 Ind., 366 (1890); Frisbie *v.* United States, 157 U. S., 160; Georgia Railroad Co. *v.* Gouedy, 111 Ga., 310, 36 S. E., 691 (1900).

[2] *Socialism and Social Reform*, p. 316, by Prof. Richard T. Ely (1894).

is sometimes the only way in which labor can obtain fair wages and fair hours and maintain the American standard of living. To enjoin the strikers in such a case has the effect of lowering the standard of living, and is injurious to the community.

To illustrate, suppose that corporation A is employing one thousand persons at wages and hours which are just sufficient to preserve the American standard of living; that A orders wages to be reduced twenty per cent.; that the employees refuse to accept the reduced wages and go on strike; that a thousand foreigners offer to take the places of the strikers at the reduced wages, and that the strikers attempt to prevent the foreigners from taking their places at those wages.

If an equity court enjoins the strikers and imprisons the leaders, the strike is very likely to fail, and wages will be reduced twenty per cent. below the American standard.[1] Corporation A having succeeded in reducing wages, all its competitors will attempt to reduce wages also, in order to compete with A in the sale of the finished product, and some will employ the lockout. The result is that the purchasing power of the employees is reduced, and the American standard of living is lowered. The consumer may secure some benefit in the form of lower prices, but this is obtained at the expense of labor, and does not compensate for the loss suffered by lowering the standard of living.

[1] Testimony of Eugene V. Debs on the Pullman strike, in Report U. S. Strike Commission, p. 143 (1895); *In re* Debs, 158 U. S., 564 at 597 (1895).

With industrial courts, however, injunctions could not be used as a club to beat down the American standard of living. It would be the chief duty of the industrial courts to keep wages and hours equal to the American standard, which should be always the highest standard in the world. After wages and hours have been fixed by the industrial courts, the ordinary courts of law would enforce the minimum wage and maximum work-day by penalizing any corporation which paid less wages or worked its employees longer hours than those fixed. By these means the American standard of living would be preserved, wages would be kept and expended in this country, and the American laborer would be protected from the competition of the cheap foreign laborer, who now comes here merely to make money and goes abroad to spend it, and does not become an American citizen.

Whenever a dispute arose it would be taken to the industrial court for settlement before the passions of either side had been aroused. There would be no strike or lockout, and no reason for action by the equity courts. Government by injunction would, therefore, become obsolete.

A new tribunal, authorized to investigate all the material facts relating to wages and hours, is needed to administer industrial justice. It should possess the power to examine books and papers and witnesses in order to ascertain the value of the wealth created by the joint efforts of labor and capital. The equity courts possess no such powers, and in granting injunctions no attempt is made to learn any

of the material facts bearing upon fair wages or fair hours.

The courts of equity cannot ascertain the facts relating to these questions. They do not attempt to decide what shall be a fair minimum wage or a fair maximum work-day, and they possess no power or jurisdiction to decide either of these questions. When they issue injunctions against strikers, it is done for the purpose of preventing a threatened loss of property, and not because the wages or hours are fair or equal to the American standard. The element of industrial justice does not enter into the injunction at all. If the right asserted be a personal right, as distinguished from a property right, the court will not issue an injunction.[1]

The strike is labor's sword and shield, and, under the present conditions of employment, the power to strike is necessary and should not be denied as long as capital has the power to lock out. To enjoin strikes, but to refuse to enjoin lockouts, deprives labor of its best weapon, and places it at a disadvantage in its struggle for a fair share of the joint product.

A lockout, as well as a strike, is a stoppage of work and industry, and each is undertaken for the purpose of forcing the other side to accept some terms which it is unwilling to accept. They are both detrimental to the public welfare; but to enjoin strikes and not lockouts is to discriminate against labor and in favor of capital. It is unjust to decide that a lockout or a black list is merely

[1] Worthington v. Waring, 157 Mass., 421, 423 (1892).

competition and lawful, but that a strike or a boycott is a conspiracy or a restraint of trade, and unlawful.[1]

There is no moral justification for using a lockout to reduce wages below the American standard. After one employer has succeeded in reducing wages below this standard his competitors may be forced to do likewise, and to use the lockout to accomplish this purpose. If other employers continue to pay fair wages, they may not be able to sell the product at as low a price as their unscrupulous rivals, so as to leave a fair profit. The result is that the honest and generous employers are often forced to lock out their men and to reduce wages, because otherwise they cannot compete successfully with their dishonest and unscrupulous rivals in the same line of business who beat down wages. If the dishonest ones could be compelled to pay fair wages, or stop business, the honest and generous employers would be protected from such unfair competition, and would not attempt to reduce wages by a lockout or otherwise. Industrial courts would compel the dishonest employers to pay fair wages or to stop business, and in this way would prevent many lockouts, and protect both the wage-earner and the honest employer.

Industrial courts will abolish government by injunction and will stop strikes and lockouts. The experience of New Zealand, where industrial courts

[1] Commonwealth *v.* Hunt, 4 Metcalf (Mass.), 111 (1842); Allen *v.* Flood (1898), A. C., 1; Hopkins *v.* Oxley Stave Co., 83 Fed. Rep., 912, 933 (1897).

have existed since 1895, goes far to prove this statement. Government by injunction has grown out of or been developed by strikes and lockouts. It represents an attempt by the Government, acting through the courts of equity, to obtain industrial peace, and to prevent disputes between labor and capital from assuming dangerous proportions.

Strikes and lockouts do not occur in New Zealand, because all the disputes between labor and capital are now settled peacefully by the industrial courts.[1] Government by injunction, therefore, does not exist in New Zealand. For like reasons it would cease to exist in the United States if we had industrial courts.

Industrial prosperity for all classes will follow quickly in the train of industrial justice and industrial peace. Strikes and lockouts and boycotts often amount to industrial wars, and entail losses aggregating millions of dollars. If such disputes were averted, the annual production would be much larger than it is at present. This increase in wealth would constitute an additional fund, out of which larger dividends to capital and higher wages to labor could be paid, without raising the price to the consumer.

If we should become the first large manufacturing country to secure industrial peace and freedom from strikes and lockouts, we could take possession of the world-markets and hold them against England, Germany, and France. The foreign trade of these countries is seriously crippled by the strikes and

[1] *A Country without Strikes*, by Henry D. Lloyd (1900).

lockouts of recent years, and we need only industrial peace in the United States to enable us to compete successfully with all these countries in foreign fields. In many lines, we are now producing more than we can consume at home, and we must either enter foreign markets or curtail production. To curtail production means less work, less wages, and less dividends. Foreign markets are, therefore, essential to industrial prosperity; and the best way to compete with the other manufacturing nations is to become the first nation to reconcile labor and capital, and to stop strikes, lockouts, and boycotts by introducing and administering industrial justice.[1]

[1] A bill to establish an industrial court on the general lines suggested in this paper was introduced in the Massachusetts Legislature on January 24, 1902.

COMPULSORY ARBITRATION

THE EXPERIENCE OF NEW ZEALAND

BY HUGH H. LUSK

THE Compulsory Arbitration Law of New Zealand, it may fairly be admitted at starting, is still in the stage of a first experiment. It has only been in general operation between six and seven years, even in the country of its birth, and this fact must be borne in mind in considering the question of its application to not a few conditions which might arise there, and would sooner or later be sure to arise elsewhere if it were applied on a larger scale. The origin of the law was the great and generally recognized disaster to trade and prosperity of every kind that followed on the labor troubles that began in Australia and extended to New Zealand in 1893. These involved nearly every branch of industry for months, paralyzed production, and for the time brought to a standstill a prosperity which had up to that time been so great as to be almost without parallel among civilized nations. The great strike finally ended in the practical defeat of labor and the general victory of capital; but it was recognized on all sides that it was a victory which, even

for the conquerors, was almost as serious as defeat, while for the public at large it was an all but unmixed evil.

In Australia there was much discussion of possible measures that might prevent the recurrence of such a general catastrophe, but it resulted in nothing more important than the passage by one or two of the Colonial Parliaments of acts providing machinery for arbitration in case it might be possible to bring about a voluntary agreement between the disputing parties. In New Zealand such a method of dealing with the acknowledged evil appeared to the leaders of public opinion to be inadequate. Inquiry convinced them that it was not the want of machinery for arbitration that prevented its adoption in great trade disputes, but rather the fact that one party or the other had a lurking doubt as to the entire justice of its position, and a more or less well grounded confidence in its own strength to compel a favorable issue by an appeal to conflict. In New Zealand, more perhaps than elsewhere, there has long been a tendency to regard all public questions from the standpoint of the interest of the great majority of the public rather than from the narrower one of how they affect one or two classes of the people, and such a result appeared to ignore the well-being of the general community.

The compulsory law of New Zealand was the outcome of this feeling, and, it must never be forgotten in considering its merits or defects, rests professedly on this basis. It is the expression of the decision of the majority of the people that strikes and lockouts,

even if they could benefit one or other party to the immediate quarrel, are in the nature of civil wars, and are a positive injury to the mass of the people who are not directly interested in the quarrel. To prevent this injury to the public seemed to the Parliament of New Zealand in all respects as legitimate as it would be to prevent the settlement of any other class of private differences by the law of the strongest, and the only question that arose there was how far compulsion could be applied with success.

THE LAW.—The main features of the law now in force are, first, that it rests upon the voluntary basis of association, so that no individual– whether workman or employer—can invoke the assistance of the law unless in his capacity as representing an organization duly registered under the provisions of the law. Thus trade-unions are made in New Zealand the basis of compulsory arbitration. Second, that before compulsion is resorted to every effort must be made to bring about an agreement by conciliation, applied by a board equally representing, through freely elected delegates, workers, and employers. Third, that failing an agreement through the agency of the Conciliation Board either party may—but neither is compelled to—appeal to the Arbitration Court for a final decision. Fourth, that an appeal to the court acts as a stay of all other proceedings whatsoever in the dispute; that is to say, no employer shall close his works or dismiss his workers, and no workers shall strike against the employers, in connection with the matters in dispute, until the

question has been dealt with by the court, on pain of being treated as being in contempt and subject to fine and imprisonment. Fifth, that the Arbitration Court itself shall consist of three members, one representing the workers' and one the employers' associations, while the third, and president of the court, shall be one of the judges of the highest court of the country.

There are many other provisions, providing for the details of working—such as the time limit within which a case must be heard and dealt with by the court; the publicity of all proceedings in the court; the appointment of skilled assessors in each case; and the powers of the court to compel the production of all such evidence as it considers necessary, or, failing such production, the power to assume that it is wholly adverse to the side refusing or delaying its production. All these, however, as well as the provisions for reducing the cost of appeal to the court to a nominal sum, and for reducing the cost of procedure by excluding lawyers from appearing for either party, may be looked on as secondary to the main principles of the system.

The method of procedure may be very briefly sketched, by way of illustration. Should a difference arise in any part of New Zealand between the employers and workers in any industry, it is in the power of either party—conditionally, however, upon that party being duly registered as an association under the act, with office-bearers empowered to act in its name, and render its funds liable for fines or costs—to refer the question by an application in

writing to the local Board of Conciliation. The board must give immediate notice of the reference to the other party—through its proper officer if it is an associated body, or individually if it is not—calling upon it to appear and submit its case at a fixed time to the board. The board—which consists of five members, four locally elected by the registered workers and employers, respectively, and a fifth agreed upon between the four as chairman—sits and takes evidence informally, but publicly, and endeavors to bring the parties together in an agreement. Should it fail it gives a decision on one side or other, and its work is completed.

The decision thus given cannot be enforced in any way, except by an appeal to the Arbitration Court by either of the parties—if both are registered associations under the act, or if not by the party that is registered—and this also may be done by simple notice of the question and of what has been done to bring about a settlement. The fee payable on this appeal is merely nominal, and the case at once becomes the property of the higher court, which immediately notifies the other party of the appeal, and of the time and place—not being more than forty days after the reference, and if possible in the locality where the dispute has arisen—where the case will be tried. Until it is tried, and indeed from the moment of its first reference to the Board of Conciliation, the parties are enjoined against taking any steps to alter the position of matters—that is to say, no employer shall dismiss a worker, and no worker shall leave his

employment, for any cause relating to the matters in dispute.

The trial, when it does take place, is, in externals at least, less formal than one in the Supreme Court; yet the powers of the Arbitration Court are in some respects even greater. It is not bound by the same hard-and-fast rules of evidence as prevail in the Supreme Court; and it is specially authorized to exercise a discretionary power not given to the more strictly legal court in several directions. The object of this latitude of procedure is to enable the court to arrive at a conclusion not only just but politic in many cases of dispute where strict justice might become oppressive to one or other of the parties, or might fail to protect the public interests involved in the dispute. The court, indeed, is emphatically one of equity, in its broad rather than in its legal sense; and thus it has been found not only wise but necessary to vest large discretionary powers in its judges.

In practically every case assessors are called in by the court to assist it by their special knowledge of the business in which the dispute has arisen, and these are selected as representing the point of view of the employer on the one hand and the worker on the other. These assessors have only the function of advisers to the court, without having any voice in the ultimate decision. As already stated, the cases are conducted by the parties themselves, assisted by the court, and thus a great deal of time is saved. The court may, and as a rule it does, require the production of all books of account and records of the busi-

ness that seem calculated to throw light on the question at issue; and any refusal, or professed inability, to produce such books, while it may be treated as a contempt of the court and punished accordingly, may also be and more generally is treated as a confession that all allegations made by the other side which such books might have contradicted if produced shall be taken to have been admitted. As a rule there is now little difficulty in obtaining the documents called for.

RESULTS.—Such, then, very briefly, is the procedure in New Zealand. It remains to say something of the results which have followed its operation. It is to be remarked, as a suggestive fact, that the law when first enacted was viewed with but little favor by the workers of New Zealand. It was true they had been very largely engaged in a strike not long before which had not ended in success; but yet they looked with dislike on the interference of the public, as a masterful third party, in any quarrel they might have with their employers. For a time nothing was done. Nobody from among the ranks of employers took steps to register as an association under the act, and no labor union did so either. There were a few trade disputes going on, and these went the old way of strike and lockout.

At last, however, one labor union, which had got the worst of an appeal to force on the one hand and dogged endurance on the other, took the step of registering itself so as to have an additional weapon in its armory for the next occasion. Of course, the occasion came quickly, and the

first test of the new law was made. The employers treated the court with contempt, and found that judgment went against them and was sternly enforced by fine until they submitted. Thus a beginning was made; and since then the court has never wanted for suitors, nor has there been any reluctance on the part of labor unions to register. The period of employers' associations being formed and registered came later, but that, too, has come, and there are few trades in New Zealand to-day in which both masters and men are not found registered, and so prepared to take advantage of the protection which the act affords them.

The times have been good in New Zealand during the last six or seven years, and in most respects the market has been a rising one. It was a natural consequence of this that as a rule the demands of workers for better wages and shorter hours should meet with some degree of success; and such, it must be fairly admitted, has generally been the result of appeals to the court up to this time. It has not been so by any means always, however, and cases in which the workers have failed have of late been much more frequent, owing to the fact that their position is already greatly better than it was five years ago. In a recent case of some importance, indeed, the appeal to the court resulted in demands being wholly refused by the court which the associated employers had been prepared to meet half-way by way of compromise.

It need not surprise anybody to learn that while the workmen were slow to see any advantage to

them in compulsory arbitration the feeling was even stronger and more definite on the part of the employers. Not even in America could capitalists have viewed with greater dislike and alarm the innovation by which the public took into its own hands the whole question of ultimate justice between employers and employed. At first they were disposed to treat it with contempt, as a thing that was impracticable, and so they left it to labor to take the initiative in calling in the help of the new law; but they soon found that, for them at any rate, it was workable enough. So long as there was anything that could be seized in payment of fines, so long it was evident that their choice was limited to obeying the court or abandoning their business.

On every side threats were used that capital would abandon the country, while, of course, nobody would invest a cent in a place so evidently foredoomed to failure by its own blunders. The threats were unheeded by those in power; and gradually they have died away. No manufacture has been abandoned; no trade has been diminished; there never was a time in which capital came more readily into the country, or in which steady progress and general prosperity advanced so rapidly. It would be rash to say that even now the law is universally, or perhaps even generally, popular with the capitalist class in New Zealand. They have accepted it, and no longer either denounce or fight against it, however, and a good many of the largest employers now express themselves as strongly in its favor.

One thing at least is certain. Its results have apparently been so favorable in their effect on the production and prosperity of the country that they have induced its neighbors to copy the system.

It would not have been possible for the capitalists of America or England to treat with greater contempt the experiment of New Zealand four or five years ago than did the people of the Australian colonies at that time. Associated workers, no less than employers, pronounced it an utterly unworkable fad, which was equally opposed to the best interests of both classes, and they contented themselves with watching, with a supercilious smile, the foolish experiment which was so certain to fail. Year by year, however, they have found that it did not fail. Year by year they have seen trade flourish and manufacturing energy increase in greater ratio in New Zealand than it did among themselves. While they have had the usual number of strikes and quarrels, paralyzing trade and impoverishing the workers, they have seen that their neighbors had no strikes and no lockouts. They have also seen that New Zealand was becoming more and more an attraction to the very best and most skilled of their own workmen, because it was not only a country where good wages prevailed, but one in which men were not in danger of being suddenly thrown out of work and forced to spend all they had saved to keep their families from starving in the next labor conflict. Less than six years' experience has been enough to convert two of the principal colonies of Australia to the new experiment, and both New South Wales

and South Australia have lately decided to try how New Zealand's experiment will answer among their own people.

On the whole, therefore, it is only justice to say that the New Zealand experiment has, in its own country, and subject to the conditions for which it was designed, been a success up to this time. It has put a stop to strikes and lockouts in its own country; it has given a new stability to trade, and improved the position of the workers so much that the number of hands employed in factories has very nearly doubled itself since the law was brought into operation in 1894; it has been the means of vastly increasing the products of the labor of the country, and, finally, it has gradually reconciled both workers and employers to its provisions, while it has led other and larger communities to imitate a system that has done so much for peace and prosperity in the land of its birth.

UNDERLYING PRINCIPLES.—Before saying anything as to the possibiity of extending it to the far wider sphere of America it may be desirable to emphasize one or two principles which, as they lie at the very foundation of the system, cannot be ignored in considering its applicability to any other country than that in which it began. The most important of these is the principle that the interests of every class in a community are regarded by the political reformers of New Zealand as secondary to those of the people as a whole. Thus, if it appears that one class is obtaining wealth by virtue of its possessing greater capital or greater

knowledge of business than other classes, to an extent which is injurious to the prosperity and well-being of those other classes, and through them to the public, the New Zealand theory of government is that means should be taken by legislation to control this inequality. It is no answer at all in New Zealand to a complaint that manufacturers are growing very rich while workmen continue poor, that it is the inevitable result of inequalities of position in the social scale which gives one man capital and training in business and many men only their hands and natural intelligence. The reply there is that it is not good for the people at large that such disparities should be encouraged, and, therefore, if the capitalist is making too much out of his business in proportion to the workers' share, the public thinks itself not only justified but bound to step in and assist in remedying the evil.

The same principle applies to that much-abused word, liberty. In New Zealand workmen will not be heard when they assert that they are free to do as they please about working or refusing to work. The reply is that there is no such freedom in any community of civilized men. If men are free to refuse to work unless they get just such wages as they think they would like to get, they must also be free not to work at all; and experience shows that such liberty means of necessity misery to others, loss and injury to the people at large, almost inevitably violence and robbery and a heavy burden cast on all other classes of the community. If any class of society is at liberty to take a course which leads to

such results as these, so also is each individual, and not freedom, but anarchy, is the result.

The New Zealand theory is that classes of men have no greater rights than individual men, and that neither one nor the other can have a right to injure the well-being of the majority of the community by entering on a struggle for their own advantage instead of submitting to the decision of some third party representing the interests and justice of the whole people. This, they say, is the foundation of law in every civilized country; and there is nothing more arbitrary in refusing to allow individuals who hold the well-being of large numbers of their fellow-citizens in their keeping, or labor unions that practically control the production of the country, and through it the well-being of the people, to exercise arbitrary discretion as to what they shall do or cease from doing, than in refusing to allow two individuals to settle their differences by single combat. It is this right of interference and ultimate control which is claimed by the majority of the people of New Zealand, and is exercised by them in the compulsory arbitration system of the country, that lies at the root of the whole question. If there is such a right, inherent in society for self-protection, they claim that their system is right; if there is no such right, then they claim that all the system of compelling individuals to seek protection from the law instead of at the hands of violence is wrong and oppressive. And if their principle is right, they claim that it and it alone will in the end be successful. In such a case the only really legitimate question is: How can it be applied?

APPLICATION TO AMERICAN CONDITIONS.—And this leads me to say a few words as to the question of its possible value for present application to American conditions. For several years I have studied with deep interest and, I will confess it here, with a good deal of misgiving as to the future, many of the social and industrial conditions of this great country. I have admired, with no stinted admiration, its enterprise and energy, and the marvellous results which these have secured in so short a period. What I have not admired have been the social and political evils that seem to me to be proceeding with a growth that is quite as vigorous as the development of the country in other and more worthy directions. The root of these evils seems to me to be found in the rapidly widening gulf between the classes of the rich and the poor—or, in other words, between the capitalist and the workman. There was a time, apparently not so very long ago, when the line that divided these classes was one which was not hard to pass, and thousands of the capitalists of to-day have undoubtedly risen from the ranks of the workers.

Conditions, as you must all know, have changed, and are changing still more; and if things go on as they are going now the time cannot be distant when the line will be as hard to pass in America as it has long been in Europe. It appears to me that few greater misfortunes could befall this land and its people than this. There was a time when those who had the good things of this world might look on such a state of things with a selfish com-

placency indeed, but that time is very nearly gone by. The salvation—the only possible salvation—of a wealthy class in the future among civilized men will be the well-being of all the classes which are a little less fortunate than itself, and the consequent ease with which those below the line of wealth can hope to rise above it. To secure this I am convinced an appeal will require to be made to a high standard of public interest, and not to even the enlightened selfishness of the people directly interested on one side or the other. For this reason I entirely believe in the principle of the New Zealand law. It represents the public interference in trade disputes for the common interest of all classes; and it represents more than this. It is the recognition of the principle that society is charged, for its own protection, with the duty of seeing that justice is done to all classes of its people, even to the extent of discouraging the growth of riches in one class to the degradation of others.

But while these are my convictions, and also my hopes for the future of America, I cannot shut my eyes to the fact that it is impossible to apply the very best principles to the solution of any problem apart from a full consideration of its present conditions. However anxiously I have looked around for some way in which the system of New Zealand could be applied here, I have been met by difficulties that seemed to me insuperable. It is not that the workers of America do not at present seek for such a solution of the difficulty alone, because that also was the case both in New Zealand and

Australia. It is not because capitalists and great employers of labor are utterly opposed, as I have no doubt they are, to the practical application of such a principle of public control of the possible results of private enterprise and wealth, for this, too, was the case in both the countries of which I have spoken. I could look forward to the conversion of the workers from vain dreams of an absolute supremacy of labor, when labor should take the place of capital and yet progress remain possible, for the logic of events may be trusted to convert even enthusiastic believers in an impossible Utopia. I could hope for the arrival of the saner mind of the capitalists also, when they saw—and they will see more and more—the increasing danger of class feuds in a nation of men of intelligence.

What I cannot see at present is how to imagine a court in America which should not be under the influence of the wealthy class, to which its members would belong; or, if such a court could be set up, how it would be possible to induce the class of the workers to trust in its justice. There are many other great and, for the present, almost insuperable obstacles, but this—which is the direct result of the widening gulf between classes to which I have referred already—seems to me the worst of all. I make no charge against American judges, except the one which may not be their fault at all, that they do not, in matters already within their jurisdiction of greater breadth and more untrammelled discretion, command the confidence of the mass of the people.

I believe that here, as everywhere else, the settlement of trade disputes must in the end come to be the act of the whole people, acting through some kind of unbiassed court, and that the country which is the last to recognize this will fall behind in prosperity to the detriment of every class of its people; but I also believe that the people of America are not ready for it yet. They have still to try other substitutes for it, which may be of at least partial and temporary advantage. They have still to learn by experience that even if these improve matters they will bear more improvement still.

COMPULSORY ARBITRATION

ORDER OF RAILWAY CONDUCTORS

BY E. E. CLARK

IT is the disposition of the employer to secure the services of employees at rates of compensation and under conditions of employment least expensive to the employer. It is the disposition of the employee to secure the highest compensation and the most favorable conditions possible. Out of these natural, and naturally conflicting, desires grows the situation which is termed the conflict between capital and labor, and which is sometimes spoken of as an irrepressible conflict.

The desires mentioned are a part of human nature, and an effort to secure those desires is in accord with the first law of nature. In years gone by the employer has been disposed to say: "You are my servant. I am master. If you do not like the conditions and the compensation fixed and granted by me, you are at liberty to seek employment elsewhere." The employee said in turn: "We must have more pay or certain changed conditions of labor."

Possibly the views of the situation from the em-

ployees' standpoint were *ex parte*, and possibly their demands exceeded the limits of justice and reason. The employer was wont to answer the demand with a flat refusal, and thus the two interests became arrayed against each other diametrically, and instead of coming together to reason the subject to a logical conclusion, each would seek to intrench himself in a position which promised advantage and gave hope of ultimate success.

If the employer and his employees, one represented by the officers in charge, the other by the committee, and, if necessary, the officers of their organization, would draw closely together and sit down in a friendly, dispassionate, and considerate way to discuss the situation, in nine cases out of every ten they would reach a common understanding acceptable to both. Each must learn to respect the rights and feelings of the other.

Employees are naturally much better satisfied and much more content working under conditions which they have had a voice in fixing than under those arbitrarily imposed by the employer and probably not properly understood by the employees.

Organization on the part of both employer and employee should be as perfect as possible. Each should be dominated by a desire to be fair and to do right. If such organization existed the arbitrarily disposed and hot-headed employer who resents the idea of his employee presuming to question the conditions fixed by him in the conduct of his own business, and in his own way, would, by virtue of being controlled by the regulations of the employers'

organization of which he was a member, or by the more calm and cooler judgment of the lawfully constituted majority within such an organization, be restrained from precipitating trouble, which, when it was over, could, by careful analysis, be shown to have no real cause other than a foolish or unreasonable determination to uphold personal or official dignity.

It is not to be wondered at that in connection with the determination of the employee to have a voice in fixing the conditions under which he is to labor, his efforts to assert and maintain that right, and the disposition of the employer to deny and withhold that right, some serious friction is created and some serious conflicts occur. These have been undoubtedly necessary to the working out of this problem, however regrettable their occurrence may have been.

New lessons have been learned from every instance of that kind. The conditions are growing better year by year. Employers, partly from a desire to be fair and considerate with their employees, and partly because the conviction that it is good business to be so has been forced upon them, are showing a willingness to concede to their employees the right to a voice in fixing mutually acceptable conditions of employment.

Employees are realizing more and more the responsibilities resting upon them and the necessity for their being just and fair with their employers, as well as considerate of the rights of others, which must always be involved, to some degree, in a seri-

ous conflict between an employer and any large number of employees.

Employees are realizing more and more that a mere test of strength does not really settle any vital principle, and that the defeated one, instead of being convinced, simply submits through force of circumstances and bides his time, consoling himself with the knowledge that he has inflicted sore injury upon his opponent and with the hope that sometime his day will come.

The practice of employer and employee meeting on even terms and in a friendly and conciliatory spirit for the purpose of intelligent and frank discussion of these matters is, therefore, the rational, reasonable, and civilized way of dealing with this question. If that way be adopted, the next and natural step is a friendly agreement to submit to arbitration such disputed points as the principals are unable to reach an agreement upon. If the proper spirit is entertained at the start and exercised during the discussions, there can be no fear of anything occurring to seriously mar the pleasant relations or to prevent the matter being carried to the logical conclusion of negotiations carried on in that spirit—arbitration.

If each knows at the outset that such points as cannot be agreed upon are to be submitted to arbitration, they will be much less liable to assume or maintain any position which their conscience and better judgment tell them is wrong and untenable. Simple fair-mindedness as between man and man will be the basis of the negotiations and the foundation stone of the conclusion finally reached.

I know that much has been said on the subject of compulsory arbitration. My idea of the principle of arbitration is the friendly submission of disputed points between two or more parties to an outside party, in the selection of which the disputants have equal voice, and whose decision it is agreed in advance shall be final and conclusive. In order to have arbitration in the sense that I see it, each disputant must feel confident that his interests are going to receive the same consideration that is shown to those of his opponent, and must have an abiding faith that the award will be rendered in a spirit of perfect fairness. It does not seem that these feelings or convictions could be entertained under compulsion, and it is also difficult to see how employees in this country could be compelled to submit their differences with their employers to arbitration and be forced to continue in employment pending the finding of an award, without seriously conflicting with the provisions of the Thirteenth Amendment to the Constitution of the United States.

Much has been said and written on the subject of the power of legislatures and of the courts in this direction. In my judgment an effort on the part of legislatures or courts to compel arbitration would result in more harm than good, and in ultimate failure. There is, in this land, an influence more potent than that of the legislature, and a court higher than those established by legislative enactment. That influence and that court is public opinion.

When public sentiment generally demands the en-

actment or the enforcement of a law, the law will be enacted and will be enforced. When public sentiment generally is against any law that is on the statute-books, that law will surely become a dead letter, and any effort to enforce it will result in its being repealed.

I am an optimist on this subject. I believe that the principle of arbitration as a means of settlement of industrial disputes is gaining ground just as surely as Western Hemisphere civilization is making progress. I believe that the convictions of those most directly interested in industrial disputes are influenced very largely by the opinions and sentiments of the great public. I have an abiding faith in the good judgment and the fair-mindedness of the large majority of the people. I believe that the judgment of the large majority will be invariably right if they properly understand the question.

The Order of Railway Conductors, which organization I have the honor to represent, has pronounced emphatically in favor of arbitration in industrial disputes.

The organization has a protective policy, and under certain justifiable conditions would not hesitate to indorse a strike; but it will not resort to that extreme except in defence of simple right or of a principle, and then only as a last resort, and after it has been found impossible to secure an agreement to arbitrate the differences.

The order has heartily co-operated with the other organizations of railroad employees in the operating department by encouraging in every possible way a

disposition to adopt arbitration as a policy and in an endeavor to provide means for extending the application of this principle in so far as has been in our power.

We have submitted a good many cases and disputed points to arbitration, and our experience has been such as to commend the employment of that agency in settling such disputes.

COMPULSORY ARBITRATION

THE COAL MINERS

BY JOHN MITCHELL

REPRESENTING an industry that has possibly through its strikes attracted the attention of the American people more than any other industry, I feel that the impression has been conveyed to the public that the coal miners of America, or the coal miners' organization, has not kept pace with the times; that they have not adopted progressive and humane methods of adjusting their wage differences; and that they still favor strikes alone as a method through which they can secure redress for their wrongs. This is not the fact.

For over ten years the United Mine Workers' organization has advocated and favored an adjudication of differences by conciliation and arbitration rather than by resorting to strikes. In fact, there has not been one great strike in the mining industry that the miners have not tried to avert by applying the principles of conciliation and arbitration, and the responsibility for our failures to adjust our differences by conciliation and arbitration does not rest with the United Mine Workers of America.

In our recent contest in the anthracite coal fields of Pennsylvania, the mine workers' organization exhausted every honorable means to secure justice before advising the miners to strike. And this was not a strike of organized labor alone; at the time the strike was inaugurated less than eight thousand of the one hundred and forty-two thousand five hundred persons employed were members of our organization. Notwithstanding the fact that we represented so small a percentage of the total number of employees, we went to the employers and requested them to meet us in conference and to apply the principle, "Come, let us reason together"; but they, sincere in their belief that their men would not strike and claiming that their employees had no grievances, refused to treat with our organization, refused to meet their employees in joint conference, and, as a consequence and as a last resort, a strike was inaugurated which attracted the attention of more people and involved more men than any other strike in the history of our country.

Arbitration has been advocated by many eminent and worthy people for many years, but I am glad to note that the advocates of compulsory arbitration are growing fewer with each succeeding year, and that there is a corresponding increase in the number of those who favor voluntary arbitration. Arbitration, to be practical, to be beneficial, must be entirely voluntary. Compulsion and arbitration are in themselves contradictory terms; there can be no real arbitration that is compulsory, and were the people of our country forced to agree that arbitration should be-

come compulsory, that penalties should be inflicted upon either the employed or the employing classes for a failure to accept the award of a board of arbitration, it would destroy every principle of free government, and I am free to confess that I know of no method by which compulsory arbitration could be adopted which would not mean the imprisonment of those who refused to accept the decisions of boards of arbitration, providing they were unable or unwilling to pay fines.

State boards of arbitration, created by our legislatures, have been tried in many of the States, and I believe that much good has been accomplished by such boards; but I am satisfied that they have accomplished good while acting as boards of conciliation rather than as boards of arbitration.

In the State of Illinois we have a State Board of Arbitration, through whose efforts many strikes have been averted and many others have been settled, and I believe that in a majority of cases this result was attained by the board exercising their power as conciliators. I am of the opinion, however, that the best and most practical plan that could be adopted to avert strikes and lockouts would be for the employers of labor and the representatives of labor organizations to meet in joint conference, as is done by the soft-coal miners and operators of this country, and mutually agree upon contracts governing the scales of wages and conditions of employment, said contracts or agreements to last for one or more years.

One of the peculiar features of the coal industry (and I believe this statement would apply with equal

force to any other industry) is that where there is no organization of employees many strikes occur, and where the employees are thoroughly organized strikes have been reduced to a minimum. Some years ago, and before the miners were well organized, at the end of each scale year the miners would meet in convention by themselves and formulate a scale of wages and present it to the employers and ask them to accept it; if they refused to do so, a strike would result, which continued in effect until the operators acceded to the demands of their employees or until the employees were forced to withdraw their demands themselves. At other times the mine owners would make demands upon their employees for reduction in wages, and if the employees refused to accept the proposition of their employers the mines were closed and the men locked out until the employees were forced, by reason of their inability to live without work, to accept the conditions of employment offered by the mine owners, regardless of whether the amount offered would afford them enough on which to live and support their families.

But during the past few years, and as a result of severe punishment inflicted upon both operators and miners, we have realized that the better plan to adjust our differences and formulate our wage scales is by meeting together, like prudent business men, and staying together until we reach an agreement.

In formulating agreements between the miners and mine owners of the bituminous coal fields neither side has any advantage in our conference.

One side is as strong as the other, and no agreement can be reached until both the miners and operators jointly agree and unanimously vote in favor of the agreement.

As a result of years of experience in the trade-union movement I have become fully convinced that industrial disturbances have more frequently occurred because of the refusal or failure of employers and employees to know one another, and to know one another's business, than for any other reason.

I can remember well when I was quite a young boy and just becoming active in the labor movement, that I looked upon the man who owned a coal mine as my natural enemy, simply because he owned a coal mine; and I recall quite well an instance wherein I was debarred from a conference of miners and operators, by the operators, simply because I was regarded as a labor agitator, having attended a few more conferences and addressed a few more meetings of miners than many of the other delegates who were there; but those days have passed, and the men I regarded then as my natural enemies, simply because they were coal operators, I have grown to respect, and while they differ with us, I believe that they are sincere in their opinion, and I believe that the mine owners have grown to know and respect the opinions of the miners and to realize that each party to this great industrial question has rights as well as obligations which the other must respect; and if all employers of labor and all associations of labor would meet and reason together, the public

would have less cause to fear industrial eruptions and disturbances.

If arbitration is to be the final refuge to which capital and labor shall turn for a solution of the industrial problem, it is my opinion that the most effectual and practical plan would be to have boards of arbitration formed within each separate industry. I believe that in the mining industry, for instance, a board of arbitration should be selected representing the mine employees and the mine owners; and that questions that cannot be settled in joint conference of employers and employees should be referred to said board of arbitration, and in the event of their failure to agree, they be empowered to call upon some disinterested person who would be authorized to pass final judgment.

Of course, I am aware that it has been asserted by large employers of labor and others that labor organizations are not responsible for their membership; that they are not financial institutions and consequently are not obliged or compelled to accept the award of voluntary boards of arbitration; but it is my experience that there is no labor organization strong enough, that there is no corporation representing capital powerful enough, to withstand or oppose a properly aroused public conscience. During our recent contest in the anthracite coal fields I repeatedly declared in public addresses that notwithstanding the weakness and the poverty of the men, and the wealth of the great corporations controlling those coal fields, even they were not strong enough to stand out against the fair requests of their em-

ployees, providing the American people said that the employees were right.

I believe that the American people always want to do right; I know that if they are properly informed their verdict will be in favor of him who is right. In the anthracite strike the American people, the American clergy, the American press declared that the miners were right and the operators were wrong; and as a result the operators were compelled to give way by force of public sentiment. This more than convinces me that the formation of boards of arbitration within the separate industries themselves would do much to solve this great problem which is now attracting the attention of the people more than any other one question before us.

It would be much better for all concerned if capital were organized in associations the same as labor, for the purpose of treating with organized labor in forming contracts and agreements governing the conditions of employment. The Association of Operators in Illinois has contributed its full share to prevent strikes and lockouts; and if the operators of all other coal-producing States would form associations similar to that of Illinois, and then all of the States form one national association of operators to treat with our national association of miners, I believe that strikes in the coal industry would become almost an impossibility.

COMPULSORY ARBITRATION

THE INNOCENT PUBLIC

BY JOHN M. STAHL

IT is a well-known fact that frequently in war the non-combatants suffer almost as much as those in the field. In labor wars it is frequently the case that what has been well termed "the innocent public" suffers almost or quite as much as the belligerents. Of the innocent public the farmers constitute the most considerable part, whether the number of employers, the number of laborers, the capital used, or the labor employed be considered.

More than twice as much actual capital is employed in farming as in any other industry in this country. And while, for example, the debt of railways equals their capital stock, and in some cases the debt fully equals the value of the roads, farmers are in debt for less than ten per cent. of the value of their property. The gross earnings of all the railways of the country are less than one half the actual product of our farms.

The capital employed in manufacture is only one third of that employed in farming, and the laborers are an even less fraction. All the capital of our na-

tional banks is only three per cent. of the capital of farmers and only one fourth of the annual products of our farms. The value at the mine of all the coal produced in this country in 1899 was less than one third of the value on the farm of the corn crop alone. Farmers constitute by long odds the most important class of the public, innocent or otherwise, whether capital or labor, employer or laborer be considered.

It is apparent that the farmer has a right to claim consideration as a part of the innocent public; and if we emphasize the *innocent*, the rightfulness of that claim becomes all the more apparent, for while farmers are the greatest employers of labor in the country, and while farm laborers are the most numerous class of laborers in the country, in all our history there has not been a lockout or a strike on the farm, and in all our history it has never been necessary to call out the militia, much less the troops of the regular army, to suppress a riotous mob of farmers or of farm laborers.

Therefore we farmers have the best right of all to be the spokesmen of the innocent public in asking, Has the innocent public no rights that those responsible for lockouts and strikes are bound to respect? Are urban employers of labor and urban working men not subject to what the writers on government agree is an obligation of all that enter into the social relation and enjoy its benefits, to recognize and respect certain rights of their fellow-members of organized society; or are they privileged to take whatever forcible measures they choose, though dic-

tated by passion and prejudice instead of justice and reason, and pursue their course regardless of the hurt they may do to others?

Are urban employers of working men and those working men subject to the fundamental obligations of the members of society and the beneficiaries of government, or are they superior beings free to engage in labor wars that involve large loss and great inconvenience to thousands of others, the denial of liberty, of lawful action to those willing to work, and the occasional clubbing or shooting down of citizens by those hired by employers or those in sympathy with strikers, thus taking from others what has been asserted to be "certain inalienable rights of life, liberty, and the pursuit of happiness"?

There can be but one answer to these questions: the innocent public *has* rights. There should be no lockout or strike without ample cause, and not before all reasonable means have been tried to settle the dispute that threatens it. This would be the answer of farmers to those questions.

And as we have seen that the farmers have the best right of all to put these questions, it is also true that they, being in greater degree than any other class both employers and employees, are in a position to seek an answer with the least bias and prejudice.

But from the answer we give to these questions, it must not be inferred that we favor compulsory arbitration or other forcible outside methods of settling labor disputes. We do *not* favor them. Probably this is chiefly due to our belief that they

are impracticable, and many of us believe that they are unnecessary. There seem to be grounds for the contention of some that compulsory arbitration, at least if it decided that strikers must go to work, would be unconstitutional. But there is a yet higher law in this country—public opinion enforces or nullifies laws. Positive public opinion favorable to a law is necessary to its enforcement, and to create such a public opinion favorable to compulsory arbitration would take more effort than is needed to make a public sentiment that will settle labor troubles and avoid labor wars by other means.

Individually I believe that every one, rich or poor, should diligently engage in useful employment. If he will not do this willingly he should be compelled to do it. No one has a right to be a burden on society or even a presumptive burden on society. We ought to put to work every idle person capable of work, in cleaning streets, building roads, making dams and ditches for irrigation, and digging ship canals.

But I know how useless it is to expect the American people, so jealous of individual rights, ever to enact and enforce a law to compel the willingly idle to work for the public; and how much less will that public enact and execute a law compelling those that are idle, not to work for itself, but for some individual or corporation with whom these idle laborers are in bitter dispute, and about the very matter of laboring. Farmers do not believe that compulsory arbitration is the best solution of labor troubles, even in quasi-public employments.

What, then, is the best solution of labor troubles and the one the innocent public has a right to demand shall be fairly, earnestly, persistently tried in every case? The experience of the National Stove Makers' Defence Association and of the Stove Moulders' Union of America gives the answer. To a lesser degree, because it is of shorter duration, the experience of the coal mine operators and miners of Illinois gives the answer. So, too, the experience of many individual employers and their employees gives the answer. I will not enter into details. I will say briefly, however, that this plan is simply to bring employers and employees together in conference when a labor dispute develops, the men keeping at work pending adjustment. Not employers, laborers, or the innocent public suffer. It is certainly necessary that employers and their workmen should meet, by their representatives, in conference as reasonable men, believing that they may possibly be wrong and the others right; and it would seem that it is very desirable, if not necessary, that there be a strong organization of both parties, especially of the working men.

Now here is where the innocent public may make itself felt. If made to understand the fact that a lockout or strike that occasions it a great inconvenience and a loss of millions of dollars is probably a crime against it, occasioned by arrogance or stubbornness and ignorance, public sentiment will so heartily, generally, bitterly condemn the men responsible for a lockout or strike that such occurrences will be very rare.

The cynic may talk to the contrary, but public sentiment is very powerful in this country. Let the public understand that it is grievously imposed on by a strike or lockout; that for years strikes and lockouts have been avoided in one of our important industries by employers and men simply getting together as men respecting each other to discuss their grievances,—and public sentiment will force employers and men in other industries thus to settle their difficulties.

Strong organizations of employers and laborers will aid greatly, if they are not necessary, for they will restrain the hot-headed and reckless, who are responsible for lockouts and strikes. Also, if both sides are well organized they are more apt to respect each other, and therefore to enter into conference and in a reasonable frame of mind that does not preclude just concessions. Our labor organizations are now guided and controlled in general by men who are more intelligent, broad-minded, reasonable, and conservative than the mass of the organizations. Because of this and the respect in which strong organizations are held by employers, those laborers that are best organized are least often concerned in strikes and lockouts. It is a new or imperfect organization that is most often concerned in a strike or a lockout, and it is the organization strong in number and years that rarely has to deal with a strike or a lockout. This is a fact we may well give the most careful consideration. It is a fact that very largely justifies labor organizations and that may aid much in determining the plan to avoid labor wars.

Because of this fact farmers, such an important part of the innocent public, are favorable to labor organizations; and because of the further fact that such organizations when wisely led are, by making their numbers more intelligent and cultured, the most powerful agents in raising the plane of living of city working men, hence of increasing their wages. And this means better demand and higher prices for farm products. True, it also means higher prices for what we farmers have to buy. But as the great majority of farmers sell more than they buy, they have a net gain because of the prosperity of working men and all other classes in the city. Therefore, irrespective of the losses often inflicted on them directly by lockouts and strikes, farmers are opposed to those labor wars that inflict such severe losses on the public and lessen the general prosperity.

VOLUNTARY ARBITRATION

Experience in the Building Trades

BY OTTO M. EIDLITZ

I WILL endeavor to call attention to a few conditions which, could they be eliminated, or at least improved, would greatly change the entire situation as it generally exists to-day between the employer and employed and make for peace and intelligent discussion.

The glaring fault that immediately arrests one's attention is the remarkable apathy of the majority of those interested on both sides. The meetings of both employers and employees are poorly attended, and the business is perforce transacted by a limited number. This inevitably leads to ring rule, and in many cases to the forcing of the opinions of the few on the conservative majority who do not attend or leave too soon. (Cure for this evil—penalize for non-attendance.)

It is of prime importance that the employers and employees should each be thoroughly organized and take an active interest in their organization. This will insure mutual respect, tinged with apprehension, which is absolutely vital. Weakness on either side

appeals to the selfish instinct of man. In the case of the employer, he, knowing the union to be torn by internal strife, is apt to allow pocket judgment to temper justice, while on the other hand the union, recognizing that their employers' association is poorly organized, will resort to guerilla warfare, often without warning, and attack each firm singly, or take one or two at a time, instead of settling the question in which all are interested by discussion and arbitration.

The employers' association and the journeymen's union ought to be incorporated by law so that equal responsibility would obtain. Much time, effort, and money is frequently wasted by a trade-union refusing to abide by the decision of an umpire who has been selected by their representatives in the case.

A yearly agreement should be entered into stipulating clearly what the trade conditions shall be, and a standing arbitration board created with equal representation from both sides, said board meeting monthly to adjust any grievances which may arise. An important clause of this agreement should be that neither side will inaugurate a strike or lockout until the matter in dispute has been brought before the joint board for settlement. The proceedings of this board should be reported stenographically and a typewritten copy forwarded to the individual members of the board. The arguments and decisions thus made when read at the next regular meeting of those interested are heard by the rank and file, and they help to clear up imaginary or real grievances, and go far toward disabusing the employee's mind

of the fallacious opinion that the employer is his natural enemy.

Fair and honest ventilation of important questions in the public press would materially help to arouse a general interest and educate the conservative elements on both sides.

An arbitration board to settle trade difficulties should always be composed of the employers and employees of that or a kindred trade. This insures the understanding of technicalities which arise, misinterpretation of which may affect the judgment of the arbitrator, particularly if he is averse to asking questions. The representatives of labor should be workmen actually or recently employed, and should not be the walking delegates or business agents. The function of the business agent is to look after the interests and to bring the complaint to the attention of his union. It is his province to appear before the board and by argument and witnesses to prove his case and act as prosecutor, but if the arbitration board is composed of his fellow business agents, the trial is apt to be a failure. A business agent or walking delegate is absolutely necessary for the welfare of the union, but his sphere of action is indicated by his duties, and he should never be allowed to act in the dual capacity of judge and attorney.

Thus, having a standing arbitration board, of which the individual members should be most carefully selected, and whose proceedings are public property, precedents are established and disseminated which would unquestionably help to make its work effective.

One of the exasperating conditions which all employers meet in dealing with their employees is that the arbitrator for the labor side has no power. It is understood that before taking the final vote he must report back to his union for instructions, and thus justice is sometimes defeated. The arbitrator himself may be thoroughly convinced and ready to vote on the question, but in most instances he is powerless to do so, and his vote is often registered in direct opposition to his own convictions. This is so manifestly an injustice to the employer and a reflection upon the choice of the union that it bars discussion.

In most instances arbitration boards for the settlement of disputes between employer and employed have been misnomers. They were and are boards of conciliation and mediation, and usually there is a desperate effort made to adopt some half-way measure to heal the breach. The idea that there could be a clean-cut verdict affirming or denying a request rarely enters the minds of those making or receiving the demands. So much of a factor has this become that to-day the whole loaf is usually demanded in order that the half loaf may be obtained. Real arbitration inaugurated under the conditions above mentioned would go far toward correcting such abuse of power on either side. In the meantime, should a dispute arise between employer and employed and an arbitration board be decided on to settle it, the following suggestions may be of service:

A vote appointing the labor arbitrators with power must be obtained. Arbitration papers must

be drawn up stating specifically the matter in dispute, and that both sides agree to abide by the vote of a majority, or by the decision of an umpire. In every case the umpire should be selected before the case is opened. These papers must be properly signed and sealed by the members of the board, each side receiving its copy. Then, after a careful hearing of the case, stenographically reported, and a verdict obtained by a majority vote, or the decision of the umpire, it will be found that in most cases the result will be accepted and lived up to by both sides.

A PROPOSED PLAN FOR THE BUILDING TRADES. —As my experience with labor has been acquired entirely in the building industry of this city, I cannot refrain from briefly indicating a plan for the general arbitration of its building-trades disputes which was very nearly consummated four years ago, and, if adopted, would go far toward eliminating the sympathetic strike. Although this is specializing, this plan contains, I think, the germ for the solution of the problem in general.

As is well known, a sympathetic strike is the abandonment of the works by the men who are in harmony with their employers for the sake of some particular branch who are at variance. The monstrous injustice of this act becomes apparent when it is known that in a majority of cases the dispute is apt to be one between the unions themselves, and not between the members of a union and their employer. Jurisdiction over certain work is claimed and combated by a rival. The introduction of novel features is often claimed by two distinct trades. The

situation is further complicated by the presence of two central organizations of all trades where formerly there was one. Many of the trades are thus represented in duplicate, and there is a struggle as to which branch of the same trade shall do the work, with the result that sides are taken by the members of one central body as against the other. Meanwhile the owner and contractor are at their wits' ends, as the quarrel is absolutely beyond their jurisdiction, and great loss accrues to both sides for the lack of some judicial power to adjust these ever-recurring difficulties.

To meet this demand the following plan was proposed, but failed of a trial because, although accepted by the employers' association and the unions of one of the central bodies, it was rejected by the rival central.

It is to be remembered that the employers, as well as the men, have a central organization known as the United Building Trades.

In general the employers and employees of each trade should be organized. The employers should have an agreement with their employees and a trade arbitration board with their employees where all difficulties of that trade can be discussed and adjusted; but in addition thereto there should be a higher court or arbitration board, which should be known as the general arbitration board, for the settlement of all disputes, whether they be between employers and employees, or employees of the various organizations. The plan of the general arbitration board which has been sanctioned by the United

Building Trades, in which the principal employers' associations of the city are affiliated, is as follows:

Each employers' association holding membership in the United Building Trades shall elect an arbitrator, who shall serve for not less than six months. Each employees' organization of the trades the employers of which are represented in the United Building Trades shall elect an arbitrator, who shall serve for not less than six months, and who shall be in the employment of the members of the United Building Trades at the time of their election. The arbitrators from the employees' organizations are in no case to act as delegates to the central board; they may, however, serve on the arbitration board between employers and employees of the trade to which they belong. From this body not less than four general arbitrators, two from the employers' associations and two from the employees' organizations, shall constitute a court of appeals. They shall meet within forty-eight hours when notified so to do by the chairman of the general arbitration board. General arbitrators shall receive a fee from the treasury while serving on the board. Re-employment by their firm is furthermore guaranteed in the case of employees when the special case on which they have served has been disposed of.

The employees' organization as a whole, or a single employees' organization, shall not order any strike against the members of the United Building Trades, collectively or individually, nor shall any number of the employees' organization men leave the works or shops of the United Building

Trades, neither shall the employers lock out their employees, before the matter in dispute is brought before the general arbitration board for settlement. In those trades, members of the United Building Trades, which have trade arbitration boards, any difficulty between employers and employees of that trade must be adjusted in the arbitration board of that trade, if possible. In case, however, of the continued disagreement, it shall be the privilege of either side to apply to the general arbitration board before a strike or lockout is resorted to.

All complaints shall be first addressed to the general secretary of the arbitration board, who shall be a paid employee, and shall by him be referred to the executive committee of the general arbitration board, composed of an equal number of employers and employees, and it shall be their duty at once to organize a special arbitration board to try the same.

It shall be the privilege of any employees' organization to select from the list of general arbitrators of all associations and employees' organizations the arbitrators they wish to represent them in the case at issue; but in no case shall the arbitrators of either the employers' associations or the employees' organizations serve when the difficulty is occurring in their trade.

The intention was to create a court of appeals, composed of representatives from both sides of all the trades, whose duty it would be to rule on all questions which the individual trade could not

settle for itself, and thus avoid a general uprising or sympathetic action by trades virtually at peace. It is perhaps needless to indicate that after a few trials precedents would be established which could be used to strengthen the position of either side in subsequent trials, and would be quoted as in our courts of law.

This is the more apparent as the difficulties arising in different trades are often analogous and frequently identical. Yet as each trade makes a new or revives an old proposition, the whole building industry is involved in the struggle until one wonders whether it is done with malice aforethought or a premium is being placed on paresis.

It may be taken as axiomatic, however, that no solution will be found for the problem unless the questions involved are agitated and discussed, even though the result at first may be insignificant. Nothing can be expected from a lack of interest and inactivity. The effort that is now being made to discuss this question in a general and thorough manner is bound to have an effect, and no matter how small will be the increment of betterment it is worth the effort.

VOLUNTARY ARBITRATION

Experience of the Founders

BY H. W. HOYT

THE industrial problems, so-called, must be adjusted along the line of least resistance, and the line of least resistance, in my opinion, is voluntary arbitration. The highest conception of arbitration is that of an unbiassed conference board—a judicial body composed of arbitrators outside the sphere of influence exerted by the contending parties.

Another idea, approaching more nearly the practical, is that of a board consisting of equal numbers from the two bodies, with an umpire chosen by both.

PRINCIPLES OF ARBITRATION.—Each of these conceptions of an arbitration board has failed to satisfy the parties in interest or to solve and settle industrial disputes. The best thinkers, who are also charged with the trying duties of practical arbitration, have decided that unless satisfactory settlements can be reached by an equal number of representatives of employer and employed without an umpire, the conference would better fail. The future economist may be wise enough to present to

a waiting world some plan of arbitrary arbitration acceptable to the wage-earner and wage-payer, but we fear that genius is not yet born.

While waiting for his advent, arbitration will go on. Every day we realize that public sentiment is crystallizing around that thought. Arbitration invariably means compromise, and unless the contending parties are prepared to accept this absolute fact, the work must fail.

Everything depends upon the personnel of the board. How important that the choice of arbitrators should fall upon the clearest and deepest thinkers, whose vision is not obscured by their prejudices!

Questions of difference between buyer and seller are as old as mankind, and yet the dominion of commerce illustrates how easily adjustments are made in that realm. The purely commercial aspect of barter and sale is complicated with the human element in questions relating to wages, and he who would settle the wage problem without taking humanitarianism into the account will not serve his fellow-men acceptably. The old law of supply and demand, strictly interpreted, does not avail to adjust all disputes that arise in the economical world. The competent arbitrator must acknowledge this. The employer who admits no other rule of action is unwise.

There has been an infinite amount of trouble in conferences for conciliation and arbitration caused by insistence upon rules of conduct evolved in the lodge room and forming the written or unwritten laws of unionism. Equally provocative of trouble

has been the tendency among some employers to ignore the wage-earners in the collective capacity. Sometime these two great forces will learn that the intelligent modification of their respective positions will extinguish the causes of what has too frequently been called an irrepressible conflict. It may require a great calamity in the industrial world of America to teach us anew some of the truths uttered by our forefathers and imperishably preserved in the Declaration of Independence.

NATIONAL FOUNDERS' ASSOCIATION.—The National Founders' Association is one of the practical results of the evolution of modern social economics. The fundamental article of its constitution is the very embodiment of voluntary arbitration, and reads as follows:

"The objects of this association are: 1st.—The adoption of a uniform basis for just and equitable dealings between the members and their employees, whereby the interests of both will be properly protected. 2d.—The investigation and adjustment, by the proper officers of the association, of any question arising between members and their employees."

This association was formed three years ago. It now numbers about four hundred members throughout the great manufacturing centres of the East, Middle West, and West. It employs an army exceeding thirty thousand men. One of its earliest acts was a joint conference with the representatives of the Iron Moulders' Union of North America for the purpose of considering an agreement that should

form the working basis of a treaty of peace. This joint conference agreed upon a plan of arbitration, which was subsequently adopted by the rank and file of both associations. It was an exceedingly simple and effective agreement, by the terms of which each body solemnly agreed that there should be neither strikes nor lockouts in the foundry industry until arbitration had failed to adjust the differences. The wise provisions of this agreement have been invoked scores of times, with such flattering results that neither party could be persuaded to consent to its abrogation.

AVERTING STRIKES.—The National Founders' Association is the largest organized body of employers in the United States committed to the altruistic object set forth in its constitution. The Iron Moulders' Union, on the other hand, is one of the largest, best organized, and most intelligently governed labor unions in this republic. It is significant, therefore, to remember that during the eventful and intensely active industrial year of 1899 there was not a single disastrous strike or lockout in the foundry industry, notwithstanding the conditions were such as naturally to provoke wage conflicts.

These two great associations of employers and employees were not as successful in averting all contention in the years 1900 and 1901, but the very failures have emphasized the necessity and the wisdom of a still closer adherence to the principles of arbitration and conciliation, and a more profound study and examination of economic conditions.

CONFERENCES WITH MOULDERS' UNION.—Per-

manent results have already been definitely reached. It has been found possible for the representatives of the two organizations mentioned to meet and discuss the principles for which each is contending, without the slightest danger of personal animosity. Various conferences have been carried on, with a strong desire on both sides to reach a common ground by the exercise of mutual forbearance and concession. Failures to arrive at a harmonious decision, even in the face of impending industrial conflicts, have not destroyed faith in the success of the principle of arbitration. Each party has become more tolerant of the other. Friendly conferences, face to face with each other, have destroyed preconceived notions of each other's characteristics, broadened and deepened the spirit of toleration, and gradually paved the way for eventual peace in that great industry.

NATIONALIZING ARBITRATION.—An attempt has been made to nationalize the scheme of arbitration; in other words, to take away from each individual case of difficulty its strictly local character, and place the adjustment of it in regularly appointed committees chosen by both associations, which committees, by reason of their experience and broader horizon, are able to eliminate the local features and arrive at results in harmony with existing and accepted conditions elsewhere throughout the country. This course of action has gone far toward relieving the manufacturer from those petty annoyances which he has always associated with unionism, and at the same time has elevated and dignified the

mission of the local and district officers of the Iron Moulders' Union of North America. The consequence has been that a more experienced, intelligent, and tolerant body of men have been called into action, and that the rank and file of union men are rapidly becoming educated to the new method of dealing with their affairs individually and collectively, while the manufacturers have been educated to a more liberal and just consideration of their employees' interests.

FOUNDATION OF UNIONISM.—The preamble of the constitution of the Iron Moulders' Union of North America begins with this declaration:

"Believing that under the present social system there is a general tendency to deny the producer the full reward of his industry and skill"—

Upon this declaration of want of faith in human justice is builded, practically, all there is of unionism. The searcher after truth cannot deny that there has been much justification for this assumption. The National Founders' Association has expended a great deal of energy in endeavoring to bring about a set of conditions which would destroy the force of such a charge among its members.

The association of which I have spoken is a type of its class. It is most gratifying to note the success achieved by the kindred organizations. The general public is scarcely prepared to accept the simplest recital of the history that has been made in promoting the principles of arbitration.

FUTURE OUTLOOK.—What of the future?

As long as the wage-earner believes, or is taught

to assume, that society is in league to rob him, as an individual, of some of the purchasing power of his services, so long must society reckon with him in his collective capacity. The employer who elects to ignore this fact is often as much of a menace to the industrial peace as is that agitator who plays upon the prejudices and inflames the passions of the men he falsely serves. But the conditions are improving on both sides. The progressive manufacturer has learned that a union is not an altogether reprehensible evil in social economics, and readily admits that when organized wage-earners are dominated by strong, conservative men, they will meet the employer half-way in arbitration.

Unions must remember that there never was an attempt made to unite manufacturing employers in the common cause of treating collectively with the relations of labor until the unions themselves had asserted their power. Both the employer and the employee must be honest enough to concede that their interests are mutual, and that the deep problems of economics cannot be solved in a decade. It is a slow evolution, that cannot be hastened by violence or intolerance. All the theories of all the wise scholastics on earth are of little avail. There is only one certain rule of action. It was long ago called the Golden Rule

VOLUNTARY ARBITRATION

Experience of a Shoe Factory

BY W. L. DOUGLAS

THE bill establishing a State Board of Arbitration in Massachusetts became a law in 1886. In December, 1888, I required all of my employees as a prerequisite for employment to agree to submit all grievances to the State Board of Arbitration, both parties agreeing to abide by the result of the decision. This arbitration agreement was individual, except in the case of the Lasters' Protective Union, who agreed, as an organization, to leave all their grievances to the State Board of Arbitration and abide by the decision.

This individual arbitration worked very well until August, 1898, when the cutters went out because I changed a foreman, and would not submit their grievance to the State Board of Arbitration, which they were under obligations to do, according to the contract which they signed. Soon after the Boot and Shoe Workers' Union made a proposition to me that they would give me arbitration, which I felt would be of more value than individual arbitration.

Since then this business has been conducted in pursuance of a standing agreement with the Boot

and Shoe Workers' Union regulating the settlement of such difficulties as may arise. As a matter of fact, there have been very few differences of any moment. When one arises that cannot be settled in the counting-room or in conference with the officers of the union, it is to be referred to the State Board of Arbitration and Conciliation. Membership in the union is a prerequisite to employment. The workman always has access to the employer and is never punished for presenting a grievance.

Such agreement has proved eminently satisfactory. We believe that many of the strikes and much of their bitterness are caused by non-recognition of the unions and apparent indifference to the true interests of honest labor on the part of the employer.

STATE ARBITRATION.—To increase the efficiency of State arbitration and conciliation the public commissions having such functions should be modelled after the judiciary of States, where that branch of the government is not elective. There should be such salaries attached to the office of State arbitrator as would secure the services of the best men, devoting all their time to the work. Such commissions should have regular sessions at fixed times and places and perform circuit work, and should be assisted by a suitable corps of agents. They should have expert assistants, as provided in the Massachusetts law.

The natural way to reach a settlement is through a conference of the parties in interest, and this method, known as conciliation, can be applied to the

great majority of cases. Only refractory cases, which are relatively few, should be referred to the decision of a non-disputant. The industrial world would be a gainer if this distinction were more clearly shown in the enactments.

COMPULSORY ARBITRATION.—It appears to us that the mixed nature of our population, not yet fused, and exhibiting varying degrees of enlightenment and ignorance on the one side or the other, would render any law inoperative that contemplated the compulsory reference of disputes arising between private parties and their workmen.

When the employer is a "quasi-public" corporation and party to a controversy that results in public inconvenience traceable to some act or omission of the employer, the grounds for compulsion appear to be more plausible. It might be argued that the corporation had failed to serve the public as expressed or implied when its franchises were given, and that in the absence of competition it should not be allowed that fulness or freedom so necessary to a private employer in the competitive world of production. On this point, however, we do not care to pass judgment.

PUBLICITY.—According to the Massachusetts law, when the mediation of the State Board has failed to bring about a settlement, it may, if advisable, make public the result of its investigation and say which party is, on the whole, more blameworthy or responsible for the existence or continuance of the difficulty. Such expressions on the part of a public commission having the interests of the whole popula-

tion in mind are calculated to clarify public opinion, but they have not, in point of fact, become common in this State. To make such procedure compulsory when any difficulty threatens to paralyze industry would, we believe, be premature at the present time.

We do not believe it necessary to compel the acceptance of decisions by State arbitrators in existing conditions. Arbitration is optional with the parties to a difficulty, and when it is invoked each of them promises to abide, and invariably does abide, by the result. Bad faith in this respect has not as yet become a serious quantity in the complex problem known as the labor question, for we have yet to learn of a single instance of it.

INCORPORATION OF UNIONS.—The incorporation of trade-unions, in the present condition of voluntary arbitration, does not appear necessary to the solution of the labor question. We are informed that their reason for remaining unincorporated is that they do, to some extent, a certain kind of fraternal insurance business. In Massachusetts, by a recent enactment, they are exempt from the operation of insurance laws.

EDUCATIONAL WORK.—We believe that no body of commissioners can arbitrate or conciliate without accomplishing at the same time a great amount of educational work, but the laws creating such boards should make a specific provision for the performance of so necessary a function. There should be a liberal appropriation of funds for the dissemination of suitable literature and for the expenses of agents charged

with the duty of instructing disputants concerning the peaceful way of adjusting difficulties. Religious and social leaders, the press, public-spirited persons and associations would not fail to second such an effort on the part of the State. The results might be made the subject of reports, and the public would before long be enabled to see that the best effects of arbitration and conciliation laws are visible in the amount of industrial trouble which has been prevented rather than in the number of disastrous strikes and lockouts that have been settled when all concerned have grown weary of their contest.

It is needless to say that appointment to such boards should always be made without regard to politics.

VOLUNTARY ARBITRATION

Experience of Stove Manufacturers

BY THOMAS J. HOGAN

THE primary cause of labor troubles, and one that serves to widen the breach between the employer and workman, is their ignorance of each other. As a rule neither party seems to appreciate the importance of studying each other's interests and conditions, to the end that each may contribute to their common welfare and the success of the industry with which they are identified. The employer may be selfish and have no regard whatever for his workmen, only in so far as having them produce the greatest amount of work at the lowest possible wages, or he may know absolutely nothing as to the conditions surrounding his workmen, or what hardships they have to bear to eke out a mere subsistence. On the other hand, it sometimes happens that the working men, through their connection with labor organizations, feel that they are in a position to dictate and enforce any kind of terms and conditions, and they make demands that are arbitrary and inconsistent, which, if conceded, would be the ruination of any business.

These conditions leave no alternative and result in

either a strike or a lockout, often causing intense suffering and irreparable loss to the district where the trouble is located. The more prolonged the difficulty, the more intense it becomes; the men's passions become aroused, and, as has frequently happened, there is destruction of life and property.

PLANS OF ARBITRATION.—Various plans of arbitration have been suggested and devised as a means of arriving at a peaceful solution of the question. National, State, and local boards of arbitration have been appointed, but experience has proven that they are powerless, and invariably useless in matters of this kind. They savor too much of politics to inspire the necessary confidence, and in addition to that there is an inborn prejudice on the part of the employers of labor, as well as workmen, against the interference of outside parties, who have no practical knowledge of the points at issue. Each particular difficulty needs specific treatment, and a technical knowledge of the details is necessary to give it proper consideration, and without this knowledge it is impossible to render a fair and impartial decision.

Compulsory arbitration has been suggested as a solution of the question, it being said to be in successful operation in New Zealand. While it may be a solution of the problem in that country, it is hardly possible that it will ever obtain to any extent in this country. It is opposed to the principles of individual liberty, and at variance with the spirit of our Constitution to compel men's actions contrary to their own will. There is no law that can compel a man to work if he does not want to, nor prevent

a man closing down his works if he elects to do so. Therefore, the remedy is not in compulsory arbitration.

Voluntary arbitration would be more acceptable, and probably result more satisfactorily than any of the other forms referred to, yet there are objections to that, if it should require an umpire or referee, as there would be more or less difficulty in agreeing as to who should act in that capacity.

BRITISH EXPERIENCE.—In Great Britain, where there are many large industries, employing thousands, notably the iron, lace, and cotton-cloth industries, frequent attempts to legislate in this direction have ended in failure. Authorities inform us that, as far back as the fourteenth century, England made frequent attempts to legislate and make laws regulating the hours of labor and the establishment of a wage rate; but all such attempts were futile. It is only within the last forty years that she has met with any degree of success, and that has been through voluntary arbitration.

In recent years both sides in nearly every trade in Great Britain, the employers as well as the workmen, have become thoroughly organized, and, with careful and well-planned systems of organization, with unlimited funds with which to sustain themselves, tremendous conflicts could be precipitated were there no peaceful methods mutually agreed upon, binding all concerned, for the settlement of their differences.

NATIONAL ORGANIZATIONS OF EMPLOYERS.—We have in this country to-day a number of large

and aggressive organizations of labor, which, by reason of their combined strength, are in a position to dictate to the individual employer and impose conditions which, if conceded, would endanger his business; while, if not conceded, he is confronted with a strike, which might tend to the same end. Employers are beginning to realize this, and within recent years a number of industries of national importance have become organized among themselves for mutual protection and the defence of their members against arbitrary demands and unwarranted or unlawful acts of labor.

These organizations of employers each maintain a defence fund, which is being augmented by the frequent contributions of its members through assessments equitably arranged. While these organizations are in a position to meet any contingency, they are not disposed to coerce labor nor are they in any way opposed to labor organizations; on the contrary, their inclination is to meet labor organizations on a common basis and treat with them and discuss all propositions from a business standpoint, safeguarding the interests of all concerned, with the hope of ultimately disposing of the necessity for strikes or lockouts.

STOVE FOUNDERS' ASSOCIATION.—One of the first organizations of employers in this country to meet organized labor with the view of enacting conciliatory measures to arrive at a peaceful solution of all their difficulties was the Stove Founders' National Defence Association. This association was organized in 1886, or nearly sixteen years ago;

its primary object was to unite the manufacturers of stoves for their mutual protection against any unjust demands and unlawful acts of their workmen, whether through the influence of labor organizations or otherwise. It was also the desire and aim of its promoters to so conduct its operations as to convince the most sceptical that only fairness and equity would be countenanced upon any question affecting the interests of its members, and that anything to the contrary would be met with a resistance supported by the united efforts of the organization which would be most emphatic and convincing.

For several years following its institution it was frequently called upon to exercise its influence, and successfully defended its members in trying conclusions with the Iron Moulders' Union of North America, an organization embracing in its membership a very large proportion of the stove moulders of the country.

The Stove Founders' National Defence Association was at no time opposed to labor organizations as such, and as early as 1887, after a strike that involved almost the entire stove industry, the president of the Stove Founders' National Defence Association extended the olive branch to the executive officers of the Iron Moulders' Union of North America, suggesting that both organizations through duly appointed representatives get together in conference and endeavor to settle future differences upon a basis of fairness and equity, but the suggestion was not acted upon until about three years later, when a committee was appointed by the

moulders' organization with full power to act, and shortly afterward the first conference was arranged for.

PLAN OF CONFERENCES.—The first conference was held in March, 1891. Conferences have been held annually since that time, and rules and laws have been mutually agreed to that have resulted in substantial benefit to both organizations, and there has not been a strike or lockout during the intervening time, although previous to that time strikes and lockouts were very frequent.

The term "arbitration," as generally understood, does not appear in their agreements. All questions of dispute are first taken up by the parties directly interested, and they are urged by the officers of their respective organizations to exhaust every effort to reach an amicable adjustment, and only upon their failure to agree are they to call upon the presidents or representatives of their respective organizations, and these representatives immediately repair to the scene of action, where they together take up the matter and endeavor to adjust it; if they fail to agree they then summon the board of conciliation or mediation, which is composed of three from each organization, who must decide it, otherwise "war is inevitable."

During the ten years that this arrangement has been in existence the board of mediation has never been called upon but once, and their decision was against the employer. With this one exception, no difficulty has gone beyond the presidents or their representatives, and there has been no loss of time

or wages on the part of the workmen pending final adjustment. By this arrangement, and under the rules of their agreement, the men must remain at work and the employer cannot close his works pending the adjustment.

They attribute the success of their arrangement to the adoption of the plan of thorough conferences by the parties at interest, instead of leaving the disputed questions to be decided by an umpire or referee, who would be almost sure to be biassed in either direction,—at least it would be so looked upon by the party decided against, whereas, under their plan, an agreement being reached by the consent of both sides, it is accepted without further question.

Through the medium of these conferences both parties have learned to know each other better and to realize that there are two sides to every question; and more frequent contact and discussion of the different questions have been educational and developed their ideas to such an extent that they are able readily to perceive what is best to promote their mutual interests.

VOLUNTARY ARBITRATION

EXPERIENCE OF IRON MOULDERS

BY MARTIN FOX

ALL who have given the subject of strikes and labor disputes any consideration must agree that they are indications of discontent on the part of the workers against the wages or conditions under which they are required to labor by the employing interests. As industries have expanded and become more diversified with the progress of the country the friction between the two factors of industry has increased. Competition became keener; it became necessary to economize at every possible point, in order to maintain a position in the market.

Wages, while labor remained in an unorganized condition, was always one of the first points on which the economizing policy was applied. It was not surprising, therefore, that the individual laborer, finding himself thus at the mercy of changing conditions, should have seen in combination an effective force with which to protect himself. In the latter half of the last century trade-unions grew rapidly in power. Their earlier efforts were conducted on the more primitive method of might being right. The employer and the employee seemed to regard

each other as natural enemies, and the antagonism, of course, extended to the organization of the employee, with the result that the efforts of the employing interests were often directed toward crushing the organizations of labor; and, on the other hand, I will frankly admit instances are not lacking where organizations of labor have forced arbitrary conditions upon the employers when the time was opportune.

Such a condition of affairs could not always prevail. Bitter experience and a more intelligent conception of the labor problem convinced the more broad-minded element of both sides to the controversy that justice could never be done, nor could satisfactory relations ever be established between the employer and the employee, by a policy in which each was disposed to push his advantage to the utmost, without regard to the interests or welfare of the other. It was realized, too, that while the employer's capital was invested in an industry, the workman's capital, in the shape of his labor, was also invested in it, and that there was a mutual interest in its success.

It is scarcely necessary to point out that strikes were extremely unprofitable to both interests involved, and that, notwithstanding their success or non-success, they invariably left behind a bitter feeling, which augured ill for the future harmony of the working force and the management, which, it will be admitted, was not conducive to the best results of their co-operation.

IRON MOULDERS AND STOVE FOUNDERS.—The

Iron Moulders' Union, which I have the honor to represent as its president, has had its full experience of strikes since its organization in 1859. In 1886 a new element was interjected into the industrial warfare which it had ceaselessly waged. It was in the stove manufacturing branch of the iron moulding trade. Learning, no doubt, the lesson the workmen had learned—that in combination they possessed greater power of offence or defence than when they acted in their individual capacity—the stove manufacturers, who had for some years been associated for the purpose of discussing matters of general interest to the industry, formed what is known as the Stove Founders' National Defence Association. In the year 1887 that association and the Iron Moulders' Union of North America first clashed. The struggle was a bitter one, and, while at its conclusion neither side could claim a decisive victory, it left each with a better appreciation of the other's power, and emphasized the disastrous results that might be expected to ensue from a series of conflicts between such powerful associations. The active spirits of both finally met in conference in 1891, and the result was the formation of what I believe to be the first agreement in this country which provided for the application of the principles of voluntary arbitration—or perhaps it might be better named voluntary conciliation in — disputes arising between members of an employers' association and members of a trade-union. This agreement simply recited general principles and provided means for their practical application to trade problems

as they were known to exist by the representatives of the two associations. The wage rate, being the most prolific source of friction, was the one most carefully provided for. There were other matters, affecting shop management and conditions, upon which at this time no agreement was possible, and it was wisely determined to allow time and the education which must result from annual contact and conference to bring its influence to bear before attempting to secure an understanding upon them.

While this was the first practical application of the principles of arbitration to disputes arising in any branch of our trade, I might add that as early as 1876 a referendum vote of the membership of the Iron Moulders' Union had declared in favor of the arbitration of trade disputes, but had not been able successfully to put this policy in operation, because there was no association of employers with whom to enter into such a contract. When a dispute arose between a stove manufacturer and his men, and negotiations between their immediate representatives failed, there was at once an open rupture, and when that has occurred it is difficult indeed to arbitrate. In the agreement to which I have referred cognizance was taken of that fact, and one of its clauses provided that the members of neither association should be governed by their impulses, but—and I desire to emphasize the point—should remain at work pending investigation by the proper officers of the two associations.

GENERAL PRINCIPLES.—From my experience with this successful attempt at conciliation and

arbitration of industrial differences I am led to deduce:

First—That both the employing and employed interests must be organized into associations which subscribe to the principle that capital and labor have an equal voice in the fixing of wages and conditions of labor before the principles of conciliation or voluntary arbitration can be successfully applied.

Second—The more thorough that organization on both sides the better the ultimate results.

Third—Work should continue without interruption pending arbitration.

Fourth—That, inasmuch as it is only through the existence of an organization of the working men interested that arbitration can be successfully undertaken, employers should encourage their growth and extension.

Fifth—That when the dispute arises over some technical detail of a trade upon which there has been no general agreement on the part of the associations of employers and workmen, a conciliatory policy should be pursued by both parties and an effort made to settle by common-sense methods, with a due regard to the custom and precedent of the locality in which the dispute arises.

SUCCESS AND FAILURE.—Our success in applying the principles of voluntary arbitration in disputes arising in the stove trade inclined us to view with some gratification the tendency of the foundrymen in other branches of the trade to form an association on the same lines as the Stove Founders' National Defence Association. And when the National

Founders' Association was finally launched on its career, I, as president of the Iron Moulders' Union, made advances, with a view to consummating an agreement such as we already had in the stove trade. These advances were met in a friendly spirit, and in March, 1899, representatives of the two associations met in New York and ratified the agreement since known as the "New York Agreement."

This agreement did not go any further than to recite the faith of each party in the principle of conciliation and arbitration, and provide the necessary machinery through which to give it practical effect. No attempt was made to effect an understanding upon matters of technical detail. That was considered a wise policy, for, unlike the stove manufacturers' association, which represented only those who were engaged in the same industry, the National Founders' Association practically admitted to membership any foundryman who was not a member of the other association. Thus it had a composite membership, representing foundries whose methods and necessities were not identical, and it would be extremely difficult under these circumstances to formulate agreements of a general character capable of meeting all exigencies which might arise in the shops of a membership of such a varied character.

For a time the two associations confined their efforts to a consideration of wage disputes, and were fairly successful, although one serious weakness was early detected, in the disposition of a number of the members of the National Founders' Association to

refuse recognition to the trade-union of their moulders. That recognition, as I have previously shown, is, next to the fact of an organization of the two interests, one of the chief requisites to the success of the principles we had subscribed to. Later on attempts were made by representatives of the National Founders' Association and the Iron Moulders' Union, in conference, to come to an understanding upon questions vitally affecting the interests of both parties in matters of shop practice and conditions of labor, and, in the opinion of the union representatives, vitally affecting the integrity of their organization, but were unsuccessful, and led to the most strained relations between the two associations, which culminated later in an open rupture in an important section of the joint jurisdiction.

Here, then, we have two examples of attempts at voluntary arbitration of trade disputes in the foundry industry—one successful, the other partially unsuccessful. A comparison of the policies pursued in each case will assist the student of the industrial problem to conceive the dangers which threaten the success of all policies involving arbitration, and will show by practical demonstration, more clearly than I can do in words, that unless the last remnant of that antagonism which existed between the employer and the employee in the earlier days of our industrial development be removed, and employers and employers' associations give organizations of labor (which alone can assist them in the successful application of the principles of voluntary arbitration in industrial disputes) the fullest recognition and

encouragement, we can never hope to see the fullest success of its beneficent principles. It may be thought that these sentiments are the sentiments of a trade-unionist. They are—and, as such, are the sentiments of a class of men who have given the subject a longer and more interested consideration than any other class of the community. They are not entirely selfish in their character, but are the deductions of long experience and earnest thought in the labor movement.

VOLUNTARY VERSUS COMPULSORY ARBITRATION.—Before proceeding to the consideration of compulsory arbitration permit me to point out that, under a system of conciliation or voluntary arbitration such as I have outlined, it is made mandatory that the parties immediately interested in any dispute make an earnest effort to settle, themselves, before referring it to outsiders. It is true, the mere existence of an agreement which provides for the arbitration of disputes in any trade has a tendency to lessen the seriousness of the effort made by the original disputants to settle, because they know failure to agree does not immediately involve them in a strike. This is a regrettable feature, but is, after all, only primary in its character, and when it is found, after a few experiences, that as good terms can be secured by their own efforts as can be secured, as a rule, by arbitration, only the more serious disputes will find their way to the arbitrators, who, under this system, are always practical men, thoroughly conversant with the subjects which are likely to be brought to their consideration.

It might not be amiss at this stage to say that, in the event of an industry coming under the control of one immense corporation, and each branch or plant thereof being simply the part of one great whole, it would be an almost impossible proposition to operate successfully under such an arrangement as that already quoted. It would no longer be possible to secure a committee of disinterested employers, thoroughly conversant with the industry and identified with it, to act on the board of conciliation or arbitration, and this is one of the strong features of the arrangement under discussion. We cannot arbitrate in this way with a trust controlling the entire industry, although we might with a number of smaller combinations controlling the industry in different sections of the country. In such an emergency, if the principles of arbitration are to govern, I incline to the belief that the State or national government would have to provide the necessary machinery.

Having dwelt at some length already upon practical examples of the operation of a system of voluntary arbitration in the iron moulding industry, I will be brief in my remarks upon compulsory arbitration. It will have been gathered from my utterances that I am a strong adherent of the voluntary system. Organized labor never assumes the position "there is nothing to arbitrate," and it requires no compulsory law to induce it to submit its case to a tribunal competent to adjudicate upon it, when its plea involves one of wages or conditions. There is something about the idea of compulsion that is

repugnant to American conceptions of liberty of action, and it is not difficult to conceive a case in which working men would be compelled to work under conditions or for wages that were obnoxious to them. I recognize, of course, that, were it possible always to guarantee a tribunal to adjudicate upon a dispute which could and would do full justice to all interests, compulsion, both in arbitrating and in enforcing the award, could be justified. We know, however, that among men as at present constituted such a guaranty is impossible. We know, also, that there is not a perfect community of understanding among the classes upon what is called the labor problem. That being the case, it would be an extremely difficult matter to constitute a court of arbitration which would have the entire confidence of the interests involved, and, hence, to secure a court whose finding would give satisfaction.

I am strongly of the conviction that, in a country like the United States, where there are so many diverse interests, so many diverse views, and so many instances in which the interests of capital are placed before those of labor, compulsory arbitration is thoroughly impractical, and its principle is thoroughly obnoxious to the American citizen. The citizen cannot afford to lend his assent to any governmental institution which, in the capacity of a court having power to enforce its award, could compel him to submit to conditions of labor which are obnoxious to him, under penalty of fine or loss of liberty. Especially is it objectionable when in a system of voluntary arbitration, such as has been

outlined in this paper, there is as yet ample provision both for the preservation of industrial peace and the dispensation of justice in industrial disputes.

I would not be consistent, after having assumed this attitude to compulsory arbitration in general industrial enterprises, were I to indorse its application in disputes of those engaged in enterprises of a quasi-public character, such as steam or street railways. I am willing to admit that, inasmuch as the public are more deeply interested in this instance, and are often grievously inconvenienced by reason of disputes arising between the employees and the management engaged in the operation of enterprises of this character, there is more justification for such governmental interference as would be involved in this limited form of compulsory arbitration; but I feel that, even under these circumstances, I would not be justified in prescribing for the employees of a street railroad or other public carrier a process to which I objected myself. It will be seen that in all my references to compulsory arbitration I assume that the board or court of arbitration would be vested with the power necessary to enforce its award —that is, to punish its violation by fine or imprisonment. And I can conceive of no such board or court proving effective unless it be vested with such powers.

Then, again, if the New Zealand law be followed the referee or odd man in the board would likely be a member of the judiciary, and as he could not always be expected to possess an intimate knowledge of the varied interests he would be called upon to

decide, these interests would be in some danger of suffering injustice, such as would not be the case were the voluntary system in operation.

STATE BOARDS.—Of State boards of arbitration I will have little to say. We all know that, as at present constituted, they have proved far from satisfactory as a means of dealing effectively with labor disputes. Almost invariably they savor, more or less, in their complexion of partisan politics, and do not possess the complete confidence of either one or the other factor in industry. As a result they are very rarely appealed to by the two parties interested in a dispute. They have no power either to compel reference of disputes to them or to enforce their award when reference has been made, and can only render service in those exceptional instances in which the parties mutually agree to refer their differences to them for determination, and express their willingness to accept the finding.

With these brief references to compulsory arbitration and State boards I will close, but not before I reiterate my firm and unfaltering conviction that the peace of the industrial community and the broadening of our civilization are dependent upon the completest organization of the men and women engaged in the industries of our country, the organization of the employing interests on lines designed to mete out justice and not to disrupt or antagonize the organizations of labor, and the assent of both to the fullest and freest application of the principles of conciliation and arbitration in industrial disputes.

VOLUNTARY ARBITRATION

THE OBSTACLE TO ARBITRATION

BY FRANK P. SARGENT

ARBITRATION, as a medium of settling questions affecting wages, hours of service, and rules governing employment upon which a difference of opinion exists as between the employer and wage-earner, has always been a welcome influence among the railway employees of this country. Long before there was any marked interest shown on the part of the general public in this important subject-the railway employees, through the representatives of their organization, were endeavoring to obtain arbitration as a means of proving to the public the fairness of their position, as well as to offer a peaceful solution of the differences alleged to exist, and at the same time avoid those strained relations between the employer and the employed which are so manifest when extreme measures are resorted to, namely a "strike."

Arbitration entered into in good faith on the part of both parties to a controversy must result in a peaceful solution of the difficulty, especially if the arbitrators selected are disinterested. In such cases the evidence of both contestants will be duly

weighed and the award will be impartial; and the party to the dispute having justice on its side will have no cause for alarm.

To make arbitration effective, however, it must be brought into action at the proper time. In the majority of instances in the past, where questions in dispute between the employer and the employed have been submitted to arbitration, or where it has been urged by the general public, it has been when both parties to the controversy were far apart; in fact, had severed relations with each other. I maintain that if the locomotive firemen in the employ of a railway company have grievances regarding wages or conditions of employment, and through a committee of their own selection they present them to the managing officer, and no adjustment can be reached, and an appeal is taken to the organization with which they are affiliated, and the representatives of that organization endeavor to bring about a settlement of the question in dispute and fail, then is the time to seek arbitration.

If each party to the controversy believes that his position is fair, neither should object to the matter being presented to a disinterested party or parties to determine the merits of the case and to make the award. At this time both employer and employee are on good terms. There has been no interference with the business of the company, neither has the employee been interrupted in his labor. A difference exists as to what should be the wage or the rule of employment. Both parties may be wide apart in their opinion, but there is a far different

condition of things than there would be if, when the representatives of the employer and the representatives of the labor organization of which the employees are members, have failed to make terms a withdrawal from the service of all the firemen in the employ of the company is ordered, in other words, to use a plain term to express our meaning, a strike is inaugurated.

Put yourself, if you please, in the position of a railway president or manager, or the employer of a large number of wage-earners. A difference has arisen regarding the wage schedule. Several conferences have been held between the representatives of the company and of the men. In all of these meetings an effort has been made by each side to sustain its position. There may have been warm debates and a wide difference of opinion, but at no time has there been any interruption to the business. The trains are all running; the wheels are turning, and the earning capacity has not been reduced. Is it not fair to presume that the employer is in a much better frame of mind to consider a medium of peaceful settlement under those conditions, and is not then the proper time to advocate arbitration?

What has been the common practice? In most cases where wage disputes have arisen the employer and employee come together to discuss questions affecting the pay of the employees. The conference terminates with no good results, and the final consequence is a strike. Sometimes it is a "lockout." When the employer and employee have separated; when the earning power of both parties has ceased

for a time; when the conditions incident to a strike are most prevalent and the tension between the contesting parties is most severe, then comes the effort of the press and the pulpit, the statesman and the citizen, to bring about arbitration. It is then we find the employer taking the position that there is nothing to arbitrate; "these men have left my employ of their own free will, and are no longer in my service; therefore there are no questions in dispute to be adjusted." The struggle goes on. The employer endeavors to get other men to enter his service, and the former employees use every endeavor to keep him from succeeding, with the hope of so crippling his interests that, finally, he will be compelled to yield to their demands, and by a settlement they can regain their former positions. Meanwhile, those least able to stand the drain upon their resources hear the continual cry coming from the people, "Arbitrate," and the answer, "There is nothing to arbitrate."

How much better it would have been if every influence that favors arbitration as a medium for an adjustment of wage controversies had been centred upon the employer and the employee before they severed relations with each other, and when both were together and the earning capacity of each not interfered with.

In my humble opinion, arbitration has not been sought at the right time; that is to say, in many instances. I am fully aware that there are employers of labor who do not favor arbitration, and who, when approached at any time, under the most favorable

circumstances, would refuse it. Such persons can only be changed by public opinion.

They maintain that they are capable of conducting their own business, and that to submit to others matters pertaining to their relations with their employees would eventually place them at the mercy of their employees, who would continually be making demands with the expectation of always getting consideration through a board of arbitration. This is a very weak position for any employer of labor to assume.

Wage-workers are not unreasonable when properly understood. Neither are those who are selected to sit in judgment between the corporations and their employees of a character to make unfair decisions toward either party. The general public has an interest in these disputes between labor and capital, especially where the public interests are so largely involved as in the case of railways and other common carriers, and hence the influence of the public should be brought to bear most earnestly upon those who are to-day opposed to arbitration. It is not the wage-earner who opposes it. Arbitration is not discouraged by organized labor. The labor press of the country is not arrayed against it. Therefore, let the people who are so earnestly impressed with the value of this means as a solution of the labor problem direct their energies toward its strongest opponent—organized capital.

The railway organizations have placed themselves on record by supporting the National Arbitration Bill, now a law, and known as the "Arbitration

Law," which had for its purpose the creation of "An Act Concerning Carriers Engaged in Interstate Commerce and Their Employees." To-day two hundred thousand railway employees stand pledged to arbitration, and, in all questions affecting their wages or hours of labor, stand ready at any time, when unable to reach a satisfactory conclusion with their employers, through the medium of committees of the employees, to submit any and all questions to arbitration. If the same spirit is shown on the part of the railway managers and operators, there need be no fear of the interruption of interstate commerce or the issuing of injunctions by the Federal courts on account of strikes.

PART V

MODEL INDUSTRIES

a. Profit and Stock Sharing.
b. Co-operation.

MODEL INDUSTRIES

SYNOPSIS

TOLMAN. Need of personal touch—Social engineering—Instances of mutual love and respect—The Bournville Village Trust—Prosperity sharing at Port Sunlight.

STEAD. Next step co-partnership through stock sharing—Experience of South Metropolitan Gas Company—Put yourself in his place.

GILMAN. Common interest of employers and employed—Labor co-partnership not a solution—Prosperity sharing—Profit sharing proper—Dividend to labor—Hostility of labor unions—Need of incorporation of labor unions—Possibilities of great corporations—Taff Vale decision.

NELSON. Under present wage and social system irrepressible conflict between employed and employer—Association, conciliation, arbitration only temporary palliations—Experience in profit sharing—Conditions of successful profit sharing—Profit sharing a step toward co-operation.

POMEROY. Profit sharing unsuccessful—Desirable only when it leads to co-operation—Profit sharing and prosperity sharing autocratic, not democratic—Great incorporations in industries a step away from democracy.



MODEL INDUSTRIES

Prosperity Sharing

BY WILLIAM H. TOLMAN

FROM the point of vantage of those who are able to observe the entire field of social activity and note those movements for real betterment, the balance must be placed to the credit of progress and advance. There is a forward social movement and there is no reason for discouragement. If one looks for gratitude in return for favors, or even justice, he is mistaken; yet that fact does not lessen individual responsibility. *Noblesse oblige* was never truer than to-day.

The business world is usually the first to organize and, for the promotion of the greatest efficiency, apply commercial common-sense. Accordingly, the clearing-house.

In the growing number and the varying adaptation of movements for improving the condition of the employed, there is also the need of a social clearing-house for the prevention of overlapping and duplication of social and industrial effort. Such a clearing-house already exists in the New York League for Social Service. In addition to this,

there is also the necessity for the interpretation of the collected material, so that the individual employer may know what he can best adapt to his own individual and particular needs. At this point expert specialization is demanded, so that the employer may know just what he may do first to the best advantage and why, because he does not want to make any mistakes.

It appears that a personal touch, a human point of contact, has been lacking, and is highly desirable; that there was no means of bringing people together, so that they might see each other and hear what each had to contribute from his own experience.

Social engineering is one of the newest professions, and in the conscious need and the imperative necessity for accurate scientific information, which may be instantly applied, there will be an increasing demand for the services of the social engineer.

Certain arts have reached a high degree of organi-

proved machinery. In the making of an improved man the first element is a true home, or an opportunity for himself, his wife, and his children to enjoy pure air, light, and water, the physical essentials of a home. Given these conditions, the chances all favor a desire on the part of the parents for the mental and moral development of the children, whereby they may have better opportunities than their parents for getting on in the world.

The modern factory is the industrial home, where the wage-earner spends at least one third of each working day. The working home must be made bright and airy by means of many windows; the colors should be restful in tone, especially where the work is of such a character as to admit it; the hygienic installation of toilet closets and lavatories should be ample and modern—that is, the best, which is another way of saying the cheapest; order and discipline should be kept to a high standard, because based on justice and sympathy. This in general is what the social engineer must accomplish.

All these provisions mean the elimination of charity, for the self-respecting employee does not want it, nor will the self-respecting employer offer it. If an employer introduces any form of industrial betterment as charity the workers will say, "Why not increase our wages to that extent, and we will take care of our own charity." And they are right. What the employee does want is an opportunity to increase his wage-earning capacity, for increased capacity is almost always sure to mean increased responsibility, hence higher pay.

PERSONAL RELATIONS.—Here are a few incidents that illustrate and show the progress and value of social and industrial betterment in the factory, shop, and business.

Colonel James Kilbourne, president of the Kilbourne & Jacobs Manufacturing Company, of Columbus, Ohio, says:

"We have always endeavored to treat our employees as men, with the same feelings, hopes, and rights as ourselves, and to consider that we are all of us one great family with mutual interests. I have not begun to do as much for our employees as they have done for me, but have endeavored to treat them always as I should like to be treated if our positions were reversed. Our relations for nearly thirty years have been always friendly and satisfactory; we have never had any strikes or troubles of any kind, but this is owing as much, if not more, to the character of our employees. As illustrative of this, I will tell you of an incident which occurred during the panic of '93.

"A month or so after the panic began, and when large concerns were failing in every direction, there filed into my office one morning some fifteen or twenty men, representing the several shops in our plant. Their manner and looks were serious, and while I had no more earnest wish than that I should never have any trouble with our employees, I feared that it had come at last.

"Finally one of them, as spokesman, said that they had thought very long over the matter that had brought them there before they had decided to come, and that they hoped they would find me prepared to accede to their request; that they had noticed that large concerns who had stood the stress of many panics were failing every

day; that our warehouses were filling with goods which we could n't sell, and that they presumed we, like others, were unable to obtain payment for goods already sold, and that they feared that we might be in danger as well as other concerns; that some of them had been with us for a few years, some for many years, and some the length of a generation; that they had always received fair wages and had been able to save some money, and while the individual savings were not large, the aggregate was a considerable sum, and that they had come to tell me the whole of it was at my disposal for the use of the company if it were needed.

"I will leave you to imagine what my feelings were, for I have never, from that date to this, been able to find words in which suitably to express them.

"This is only one of the many instances of their consideration, and, therefore, if you are seeking to say anything about us confine what you have to say to the loyalty and good character of our employees rather than anything about ourselves."

A prominent business man, president of a coal and iron company at Birmingham, Ala., Mr. Gilraeth, writes:

"It has occurred to me to state also that I have an idea that good wages will not always and at all times satisfy men. My judgment is that love is the only thing that will control them at all times and under all circumstances; and unless a man can love his operatives, and have them love him, he cannot control them under all the trying ordeals through which both sides will have to go during the life of a business. In my judgment, there comes a time in the affairs of our operatives in which they will not be

satisfied with money alone. In other words, I think occasionally a crisis arises in their affairs, or they get in such a shape or frame of mind that nothing will satisfy them but to feel that they are loved by their employer.

"If an operator can really love those who are under his control, and not look on them as servants, but as friends, and can make them feel that his liberality is not exercised as a gift to be especially grateful for, but that it is his pleasure to divide the earnings with them in an equitable manner, and can assure them of his love and sympathy —then, and in that event, he can control them when a serious crisis comes. But I do not think any operator can ever exercise a successful headship over his employees unless he himself first acknowledges the headship of God. In other words, he must know of himself that he is human after all, as well as his employees, and that God is maker and ruler of us all. A man of this kind will not overstep his authority, and will generally find ways to comfort and control his men at times when they are seriously disturbed and in doubt."

THE BOURNVILLE VILLAGE TRUST.—The village community built up by Mr. Richard Cadbury and Mr. George Cadbury, at Bournville, near Birmingham, England, consists of four hundred acres, and contains many cottages for the employees, now numbering nearly two thousand. The lowest rental of these cottages is $1.50 a week, for which the tenant gets three bedrooms, a kitchen, a parlor, and a third room downstairs, and a bath. The houses are in the best sanitary condition, and a large garden goes with each house. The village is laid out very attractively with its winding streets,

its trees, and its open spaces. There is a large recreation ground, swimming pools, a dining-room for the girls, a boys' club, light and well-ventilated workrooms.

A block of beautiful cottages forming a quadrangle, beautifully kept up with turf and flowers, has been set aside for homes of the old or semi-dependent. They are called "Houses of Rest." Each home consists of three rooms and may be occupied by any old lady who can pay, either herself or through relatives, five pence a week. There is also a convalescent home. Every summer thousands of children from the tenements of Birmingham are turned loose on the farms and meadows for a day's fresh air and pure food. The slum workers of the Salvation Army in London also, who are worn out with their labors, are entertained during the summer in one of the houses set aside for their use.

In this factory are nearly two thousand girls and women, who may buy at cost a warm midday meal well cooked. A man is employed to buy the best fruit in the market at wholesale to get the best prices. The fruit is then sold to the employees at cost. A simple form of entertainment is an open-air swimming pool for men, large enough for a good swim.

So far all this is interesting as an unusually excellent example of good social life for a working community. But the significance of it is that it has led to and is a part of a unique plan for social betterment—a great social trust, which is a new institution

and a new kind of benefaction, planned and managed in a most business-like way, for Mr. Cadbury founded last year what he called the "Bournville Village Trust." In explaining to me the organization, he said: "At present it is in my hands and the hands of my family, but after my death the trustees may elect a part of their own successors, and three trustees shall be appointed, one by the Society of Friends, one by the City Council of Birmingham, and one by the District Council of Kings, Norton, and Northfield. Women are not disqualified, but no more than three may be members at any one time."

Mr. Cadbury has given to the trust 330 acres, on which 370 cottages are already built. One hundred and forty-three of these have been sold at cost on leases of 999 years, and the remaining 227 are rented by the week, the rentals being paid into the trust. The total rent roll is $26,230 a year, and a fair valuation of the gift is $900,000.

"For some time I had the intention of making this trust, and I consulted with those whose judgment I valued most, in order that the scope of the movement might be as far-reaching as possible. John Burns was one of my valued advisers," said Mr. Cadbury.

"Will the powers of your gift be confined to Birmingham?" was asked.

"No," he said, "the revenue of the trust may be applied toward the erection or remodelling of buildings and the acquisition of land in any part of Great Britain, and we can arrange with any kind of a

transportation company for cheap transit. I strongly desire that the dwellings shall occupy one quarter of the site, the rest to be used for gardens and open spaces, and I want the rent to be so low as to attract the laborers from the slums, but not in any way to place the tenants as recipients of charity."

Any part of the trust may be used for a factory, but the suggestion is made that not more than one fifteenth of the total area shall be so built upon. Lodging-houses may be built, and whatever concerns the improvement of the families, like lighting, transit, and water, may be supplied.

"Subscriptions may be made to hospitals, providing the amount does not exceed one per cent. of the annual net rental. Money may be borrowed on the security of the trust and land may be given for houses of worship, hospitals, schools, technical schools, institutes, museums, gymnasia, baths, laundries, clubs, and recreation. Lecture courses may be supported for any educational purpose that tends, in the opinion of the trustees, to 'the health, mental, moral, and physical welfare of the tenants and their families.' Provision is made for any kind of co-operation with public and private bodies.

"I have made the trust wholly unsectarian and non-political. There shall always be a rigid exclusion of all influences calculated or tending to impart a character sectarian, as regards religion or belief, or exclusive, as regards politics, and it will be a violation of my intention if participation in its benefits shall be based on grounds of religious belief or political bias."

I was surprised to find the liberal views entertained toward the liquor traffic, knowing Mr. Cadbury's own convictions on this subject and his constant efforts toward the reclamation of men who are the victims of its abuse.

"At first I determined to suppress saloons altogether, but the impossibility of that was proved to me and I then decided upon certain restrictions. None of the buildings shall be used for the manufacture, sale, or co-operative distribution of any intoxicating liquors, except by unanimous consent of the trustees. If we decide to grant any privileges, we may impose any conditions we see fit, with this distinct proviso, that any net profits shall be spent on the enlargement of the recreative features of the village and other counter attractions to the usual conduct of the liquor trade. I hope that the trustees will ever be mindful of my wish that the liquor traffic shall be absolutely suppressed, unless such suppression lead to greater evils.

"In trying to help men who were at work all day, I very quickly discovered that when night came the only thing offered them was the saloon, as you call it, our public house, or 'pub.' In some way I must get these men back to the land, and that is why I locate six of my cottages on an acre, planting fruit trees at the bottom of each garden. We all know the increased yield of land cultivated on the intensive plan. I am sure that the employee when at work on the land is away from the public house."

"Can others than your own people live in your village?" I asked.

"Why, certainly; there are many men working in Birmingham who cycle home to the pure fresh air of their home in the country, eat the fresh vegetables cultivated by their wives and children, sometimes doing a bit of the garden work themselves. Under such conditions the saloon loses much of its attractiveness.

"Let us suppose the time has come when the trust has enough of a credit balance to acquire say an estate of three hundred acres. As I told you, I would set aside one fifteenth for factory purposes, locating say twenty in the centre of the tract; one tenth of the rest of the land should be set aside for open spaces, and the rest to cottages, six to the acre. Then, as now, the workman would be near his work, but what a difference—the city slum has made way for the Elysian field of the country, the saloon has given place to the attractions of the home. The strength of England lies in her laborers, but if they work all day and spend their nights in the public houses, the result will be pretty poor."

The establishment of this trust is of vital importance, not only to the wage-earners in and about the Cadbury works, but to the entire country, for land may be bought and buildings erected in any part of Great Britain. As an experiment in housing alone it will be watched with keen interest, for if Mr. Cadbury alone can do all this it will be possible for public bodies like town and city councils to do likewise, and the solution of the problem of improved housing will have made a decided advance.

PORT SUNLIGHT.—In 1885 William H. Lever

was a grocer in Bolton, England. Becoming convinced that there was a large market for pure and cheap soap, he opened a factory in Birkenhead, near Liverpool. After three years, he awoke one morning to find that his profits for that year were £50,000. As he has tersely stated it: "I felt I had not earned the money. I did not expect a like result, and felt I had no right to it. I sat down and considered to whom the money belonged, and found it a difficult matter to decide. I reached this conclusion—that, whatever I did, I must share my prosperity with those who had helped me make it." His solution of the problem was the provision of decent homes for his employees. The problem of prosperity sharing was worked out at Port Sunlight, a village to-day consisting of six hundred houses, reading rooms, bowling alleys, swimming pools, schools, entertainment halls, summer open-air theatres, and recreation grounds. The village now represents an expenditure of £400,000.

One form of prosperity sharing was a rental so arranged as to cover taxes, repairs, and maintenance. Houses, with parlor, kitchen, scullery, pantry, four bedrooms, and a bath, rent for seventy-two cents a week.

At the outset Mr. Lever encountered the usual degree of suspicion, distrust, and lack of appreciation, but he had made up his mind that what he was doing was right—nothing could turn him from his purpose. The very men who made trouble at first now frankly admit their mistake and are doing all they can to help on the communal welfare.

When asked for his philosophy, Mr. Lever has said: "What I have done has been accepted by my people, not on the basis of charity, benevolence, or philanthropy. I have never posed as a philanthropist, but have tried to do what I think is right, and in the best way. If the employees view it in the same light there will be no misunderstanding, and I would like to record my appreciation of the way in which they have lived up to their agreement."

INDUSTRIAL BETTERMENT.—European civilization, the product of many centuries, has been in advance of us in recognizing the need for industrial betterment institutions. Many of the promoters of these movements have been men of scholarly attainments, culture, and refinement. They worked at these solutions because it was a pleasure. Then, too, there was the altruistic spirit, a genuine desire to make the world a better place to live in.

On the other hand, in our country only a generation ago civil strife paralyzed the industries of the nation. When peace was declared every man of affairs devoted his whole energy to the building up of his own affairs. Even then he had a hard time to get along. Most of our business men rose from the ranks and won success by their untiring energy and push. Many of them did not have even a common-school education. Our population is so cosmopolitan that any feeling of fraternity is slight. The assimilation of these foreigners is very slow. In our great commercial centres are thousands who not only do not speak our language, but do not think in terms of American ways and customs.

To-day the situation is changed. Our nation is prosperous. We have great captains of industry who have amassed greater wealth than has ever been heard of in the old country. Capital and labor have become two mighty forces. What is now needed is a recognition of the identity of their interests, and the next step toward its realization is to make use of the experience of the older countries in their practical forms of industrial betterment, adapting them to local conditions. It is easier to form than to reform.

MODEL INDUSTRIES

PROFIT SHARING PLUS CO-PARTNERSHIP

BY WILLIAM T. STEAD

I THINK it will probably be more useful if, instead of following closely the various subdivisions suggested by your special questions, I were to endeavor to state as briefly and clearly as possible the conclusions at which I have arrived on the broad question under discussion. That question I take to be—How can the relations between labor and capital be improved?

To answer this question the most practical method is not to elaborate Utopian theories as to what might be, but rather to ask ourselves where, in actual reality, the relations between capital and labor have been so far improved as to approximate to a higher standard of perfection than that which generally prevails among us. In other words, what is the best solution at which mankind has arrived in its practical handling of this question?

Having ascertained that, our next duty is to consider how we can best bring up the great mass of the human race to the position already occupied by the pioneers who march in the van.

Every one will admit in the abstract that the

great object that all must have in view is to make visible as a palpable reality that identity of interest which really unites labor and capital, although it is so often obscured by the temporary interest. How can the two factors in the production of wealth be enabled to see the community of their interests? That is the problem, for all our industrial warfare arises from the fact that the interests, instead of appearing identical, are diverse.

It may be admitted freely that, under existing relations, these interests not only seem to be diverse, but are in reality very frequently opposed to each other. Hence the first step toward bringing into clear relief the identity of interests is to make the interests identical. Many methods have been proposed for securing this end. I will content myself with indicating one, and that the adoption of means for the purpose of facilitating the acquisition by the workers of a solid share in the stock of the firm in

It has never been found possible to place all the stock in the hands of the workers, but it has been found possible to facilitate the acquisition by the laborer of at least that minimum of stock which will make him conscious of solidarity in his interest and that of his employer. It is the growing opinion of many of the most thoughtful students of social economics in England, that the safest, simplest, and directest road out of the present quagmire is by the adoption by employers of a system of profit sharing of workmen for the purpose of enabling those employed to be holders of stock in the concern in which they work. It is not asserted that it is always possible. All that is contended is that, when it is possible, it works well, and justifies its adoption by the employers, not on the grounds of philanthropy, but on those of the most cynical self-interest.

The classic case in point is that of the London South Metropolitan Gas Company. The system here in force secures that every year every workman employed is entitled to share in the profits of the concern, but he is not entitled to withdraw all his profits, experience having proved that in many cases the money was worse than wasted. But the share of profits accruing to workmen is invested by them in the interest-bearing stock of the company.

The system by which this is arranged may appear paradoxical, but it is very practical. According to the English law, the gas company is not allowed to increase its dividend unless it can at the same time reduce the price of gas to the consumer. Roughly

speaking, the dividend goes up as the price of gas goes down, or rather, the price of gas is reduced as a condition precedent to an increase of dividends. The progressive reduction of the price of gas is therefore the statutory gauge of the increased earning capacity of the company, for the shareholders are not allowed to benefit until the consumers have first had their share. The reduction in the price of gas to consumers, therefore, affords a practical test of the increase of the company's profits, and the distribution of profits among the workmen is based upon this principle.

In the South Metropolitan Gas Company, when the price of gas falls two cents per thousand feet, every workman is entitled to one per cent. upon his annual earnings. If it falls four cents, the percentage on his annual wage goes up to two per cent., and so on. Hence every workman has a direct interest in improving the earning capacity of the company. It leads them to discourage waste and to check dawdling and generally to increase the efficiency of their labor.

This system was introduced under the most discouraging circumstances conceivable. The workmen employed in gas works are by no means the most intelligent of artisans. They are, indeed, for the most part, the roughest of unskilled laborers. The introduction of the system was violently resisted by the trade-unions, and its inauguration coincided with a prolonged strike in which intense bitterness of feeling was engendered on both sides. Nevertheless, Mr. Livesey persisted, and profit sharing

plus co-partnership was established, and has been acted upon ever since.

During these twelve years the result has been marvellous. There have been no disputes between employers and employed. The workmen have shared to the full in the increased weekly wages which were gained by other workmen in other gas works, while they have received year by year profits which in the aggregate amount to £150,000.

As to the economic effects of the system, Mr. Livesey declares that he has been in the company's service for over fifty years, but he bears testimony that never during the whole of that time have the relations of employers and employed been on such a footing of mutual confidence and good-will as during the last ten years. The friendliest relations have been established between both sides, and the work has gone on without a hitch. What is much more important from the economic point of view, the result of this establishment of a common interest has been that the gain of the company from the increased efficiency of the workmen has more than compensated for the money paid away in bonuses.

The English are slow to adopt improvements, even when their success has been demonstrated incontrovertibly. The Livesey experiment still labors to a certain extent under the prejudice excited by the angry passions evoked in the strike which preceded its adoption, but there is abundant evidence that profit sharing plus co-partnership is recognized more and more by the longest-headed, most wide-awake employers in Great Britain as the key to the

solution of the question which you have invited us to discuss. I do not put it forward as a universal panacea. I shall be well content if this statement of the good results which have followed the adoption of this simple and practical system should lead to its adoption by any employers of labor on your side of the Atlantic. I do not regard it as final. The ultimate solution, toward which profit sharing and co-partnership are but a half-way house, is that system of co-operative production of which we have promising beginnings in many parts of the world. Never was there a truer maxim than the hackneyed saying that the better is the enemy of the good; but too often, while awaiting some ideal good, we neglect a practical first step which would bring it appreciably nearer to our grasp.

On the general question of the amelioration of the social conditions I only wish to say one word. There are two principles which, if acted on practically on a small scale, would do more to promote a happier state of things than any other that could be named. One is that we should endeavor to do unto others as we would have others to do unto us, and the second, without which the first is not of very much value, is that we should put ourselves in the other man's place.

If we could imagine some dictator, backed by the whole moral sentiment of the community, strong enough to pass and enforce a law compelling every employer of labor once every quarter to share with his wife and family the home, the fare, and the environment of the worst-paid workman on his staff,

more would be done to educate public opinion on this question than by any other measure that could be conceived.

If only every three months or even every six months every shareholder, before drawing his dividend, was compelled to qualify by proving that he and his family had exchanged places for twenty-four hours with one of their workmen employed by the firm, we should see a great and marvellous growth of a humane sentiment on the part of the well-to-do classes.

MODEL INDUSTRIES

A Dividend on Wages

BY NICHOLAS PAINE GILMAN

IN the conduct of the symposium on the above subject I understand that two general points are to be discussed. First, "Are the interests of employers and employed mutual?" Second, supposing that this first question is answered in the affirmative, "How can this mutuality of interest be made effective?" [1]

[1] I may be allowed to object to the words "mutual" and "mutuality," while accepting all that they are intended to mean here. "Mutual" means, properly, reciprocal or interchanged.

Scott and Dickens, especially the latter, are chiefly responsible for the prevalent misuse of "mutual" instead of "common." A writer quoted in the *Century Dictionary*, s. v., puts the matter neatly when he says: "Love between husband and wife may be all on one side, then it is not mutual. It may be felt on both sides, then it is mutual. They are mutual friends, and something better; but if a third person step in, though loyal regard may make him a friend of both, no power in language can make him their mutual friend."

So the employer and the man who works for him may feel a mutual regard or a mutual dislike for each other, but "no power in language" can make their interests mutual any more than it could make them red or Caucasian. Common is the proper word for the thing intended. To insist on this point is not pedantry; it helps in

Making the verbal change suggested (common for mutual), we ask, then, first, are there interests common to the working man and his employer? Very evidently there are. It is the common interest of both that industry should go on steadily, whether it be the making of pig iron or steel billets, the manufacture of boots and shoes, or of any one of the innumerable articles of necessity, comfort, or luxury that modern man consumes.

There can be no productive industry (beyond the single man working for himself) started or continued without an employer, and nothing can be produced without one or more men employed, no matter how largely machinery may be used. There is, beyond any need of proof, a common interest for both these parties that production shall be maintained, and, almost as obviously, that it shall be kept up with the greatest possible regularity and the largest result in the utmost possible or desirable product. Here is the plain advantage for both parties. It is when the question arises of fixing the shares of this product that trouble begins. So far as production is concerned it is good for the workman and for the

its place to render discussion of labor questions satisfactory, just as the rejection of those other too common words, "conflict of capital and labor," as misleading, does; this phrase should be changed to "conflict of employer and employed." In this last particular the subject of this symposium is well stated.

EDITOR'S NOTE.—While not a few of the writers in this book have interpreted the word "mutual" in this question as meaning "common," the editor intended it in its literal meaning, as illustrated, for instance, in Dr. Strong's article by the figure of the interrelations of the members of the body.

employer alike that the product be the largest in amount, and the price obtained for it the highest possible. It is the distribution that makes the difficulty, men's notions of their own merit and of fairness of reward differing so greatly.

There are two other parties to the case—the landlord and the capitalist proper; but, as Walker so well showed in his illustration of the web of cloth, millions of yards in length, the claims of these two parties are usually satisfied with tolerable ease. The employer proper, the *entrepreneur*, and the man employed by him—these are the persons who really have the dispute of most concern in the industrial world.

Just as in the world of trade, however, it is for the advantage of all concerned that trade shall go on, and go on freely, no matter what conflicts there may be between buyer and seller, so in production it is for the interest of both parties that manufacturing shall be incessant and prosperous.

Here is the common (we must not, in strict use of language, say "identical" or "mutual") interest of all persons engaged in production; the more there is produced, the more there will be to divide.

Just as there is too much trade in which the buyer or the seller loses and the other party gains, so there is too much production in which the employer or the employed gets more than he should. But neither trade nor production can continue indefinitely under grossly unfair conditions of this kind, for the reason of trade is common advantage, one person wanting to buy and the other person wanting to sell the

same thing; one person, in the second instance, wishing to hire work, and the other person wishing to sell work. A *modus vivendi*, some sort of compromise between the workman and the employer, will be reached in most cases.

CO-OPERATION.—Let us suppose, however, that a body of workmen who have been employed in an iron foundry believe that they can reach the ideal solution of their troubles about wages by becoming their own employers—in other words, by entering upon co-operative production and dispensing with the usual employer. Far be it from me to discourage in any degree the zeal of co-operative producers, or to underrate what has actually been achieved by them in Great Britain or in France. The system has done much better in the last ten years in England and Scotland than ever before in the same length of time.

To take the first of these two countries: *Labour Copartnership*, the organ of the genuine co-operative production which divides the profits of business among the workers, reports in its issue for August, 1901, that, at the close of the year 1900, there were 96 such societies in existence, making sales for the year of £1,019,082, with a capital of £590,628, profits for 1900 of £49,227, losses of £3,223, and paying dividends on wages of £8,682. Such a report is an encouraging sign of a possible co-operative régime in the distant future. But how small is the whole amount of business done by the side of the total product of the country—a drop in the bucket, indeed. And the way of co-operative production

becomes harder rather than easier, in one very important respect, as time goes by, *i. e.*, in the average amount of capital required to run an establishment. In 1880, in the United States, for example, according to the Bureau of Labor, the average capital of a woollen mill was $48,289; in 1890, $99,916, the number of mills having decreased about one third; so, also, in this decade, the average capital required for paper mills and boot and shoe factories more than doubled; that for leather factories and breweries more than quadrupled, and that for agricultural implements quintupled! Such financial difficulties, and moral difficulties almost as severe in their demand, seem to render co-operative production an improbable remedy, for a long time, at least, for the great mass of working men; they must, therefore, give up, as a body, the notion of dispensing with the employer, and must continue their present relations under the wages system.

PROSPERITY SHARING.—If, then, as much experience seems to show, the wages system is to be modified, not to be superseded, in what direction shall we look for the modification? It seems to me a most natural reply to say that a division, in one way or another, among the workmen of a part of the profits realized by the employer is one desirable method of satisfying the workmen's demands. Profit sharing may be called "a dividend to labor" (see who will my volume with this title), and it may be indirect or direct. If indirect, the bonus may take the form of what is now quite generally entitled "industrial betterment."

In this case the employer—whether an individual, a firm, or a corporation—will make no contract with the body of workers to give them an annual bonus; but, moved by a lively desire to better the conditions of their life, he will assist them to provide good homes for themselves on easy terms; will maintain, or help to maintain, sick funds, accident funds, and old age funds (or pensions); he will bring into being free libraries, parks, club-houses or casinos, technical schools, churches, model villages —and many other agencies for assuring the future and enriching the present of the manual worker.[1]

Germany, France, England, and America present shining examples of deep and humane interest of employers in their work-people, taking concrete form in these helps to the better physical, intellectual, and moral life. They have realized what Labor Commissioner Wright calls "the sacred trust given into the hands of the captains of industry." Such men as Robert Owen (who first showed this excellent way to modern manufacturers at New Lanark, in Scotland); the Peters of Neviges, Germany; the proprietors of the coal mines at Blanzy, in France, and of the glass works at Baccarat; the Van Markens, at Delft, Holland; the Meniers, at Noisiel, France, the Van Houtens, at Weesp, Holland, Ph. Suchard, at Geneva, Switzerland, and the Cadburys, at Bournville, England — these

[1] See for details of what has been done by liberal American employers Mr. E. L. Shuey's excellent little book on *Factory People and their Employers*, illustrated; my own volume, *A Dividend to Labor*; and *Industrial Betterment*, by W. H. Tolman, Ph.D.

four in great chocolate works; the Cheneys, of South Manchester, Conn.; the Drapers, of Hopedale, Mass.; the Warners, of Bridgeport, Conn.; the Sherwin-Williams Co., of Cleveland, O., and the Pattersons, of Dayton, O., have proved that "it pays" for the employer to give a share of his profits to his force in the shops of these various institutions.[1] It pays because the friendliness of the employers, shown in these many concrete ways, has excited, as is most natural, the regard and the friendliness of the workers, whose interest, thus aroused, makes them virtual partners in the industry. These establishments, which may now be counted by the dozen, if not by the hundred, in Europe and America, practise what some one has called "prosperity sharing." It is brought home to the employed in the most palpable manner that the employer has a humane interest in their welfare and wishes them to enjoy the same great elements of a healthy and happy life as he does, if not in the same exceptional degree — a pleasant, sanitary home, education for their children, books and lectures and parks and museums for the whole family; insurance against accident and sickness and old age —those chief enemies of the worker; and savings accounts to provide comforts or occasional luxuries for the sick and the infirm. Such an "indirect

[1] The recent deplorable strike in the National Cash Register Works, brought about for entirely insufficient reasons by newly formed trade-unions, and ending in their entire surrender, has not led to any cessation of the welfare-institutions (as the Germans call them) of this model factory.

dividend to labor," I, for one, do not esteem the less highly because the money is used to provide and support institutions for the common weal of a body of workers, and is not divided in small sums among individuals.

It is probable that we shall see, especially in America, a large development in this generation of "industrial betterment" of this kind as great combinations of employers increase in number and in size.

The United States Steel Corporation, to take the greatest "trust" as an example, already embraces a number of minor corporations like the Illinois Steel Works at Joliet and the Carnegie works at Braddock and Homestead, Pa., which maintain admirable club-houses for their employees.[1]

If it should make a wise use of its recent victory over the Amalgamated Association it will develop institutions of industrial betterment throughout its enormous "sphere of influence," and thus furnish all its workers with the same good solid reasons for loyalty that the Carnegie Company's men have had this last summer. Its great captains of industry, with Mr. Schwab at their head, can find no more edifying and instructive reading than the accounts in books and magazines of what has been done in

[1] It should be borne in mind that the steadfastness of the Carnegie Company's men in the strike of 1901 probably was due in no small degree to Mr. Carnegie's generous provision for them in the saving fund system (which pays the workman six per cent. on his deposits), the libraries and club-houses, and his recent great donations for general relief. At Vandegrift also there have been similar solid reasons for the continuance of industrial peace.

their own line by the Krupps at Essen, the Bochu
Steel Company, near Essen, the Marienhütte Iro
Works, near Kotzenau; by Schneider & Co. at L
Creusot, the Gouin Construction Company of Pari
the Iron Works of Champagne, MM. les Fils d
Peugeot Frères at Valentigny, and the Comité de
Forges de France (an organization like the Unite
States Iron and Steel Association, including all th
principal manufacturers); by the Tangyes at th
Cornwall Works, near Birmingham, and the Elswic
Works at Newcastle-on-Tyne. These are all iro
or steel founders, most of them on a great scale, th
Krupps employing more than 40,000 men in 1898 i
all their works, and the Elswick Works 15,000.
The methods they have devised for attaching thei
employees to the company in a community of inter
est have stood the test of long trial and have justi-
fied themselves by the solid advantages which both
parties have drawn from them. I am in the habi
of asserting that the formation of trusts is not a bad
omen for the future of the working man, since I be-
lieve that they inevitably bring to the front a highe
order of managing ability than the small corpora-
tions do, and that these men of pre-eminent busi
ness talent will be more likely to grasp the substantia
financial reasons for the policy of "industrial better-
ment"; their selfishness will be farther-sighted than
that of smaller men. We may hope that the United
States Steel Corporation will be a shining proof o

[1] Mr. Richard Tangye's brief but extremely readable autobiog
raphy, entitled *One and All*, has a personal interest in this literatur
of peculiar value.

this position, especially since it is the great iron and steel companies of recent times that have done some of the best things in this line in our country and abroad.

PROFIT SHARING.—So much for "the indirect dividend to labor"; we come now to the more pronounced system of profit sharing proper, in which the employer promises a direct dividend to labor in the shape of a bonus upon wages. To give an instance of the utmost simplicity, in which the idea is carried out in a very logical manner: Procter & Gamble, of Cincinnati, after trying another form of profit sharing successfully for several years, became a company in 1890. The prospectus of the new company promised twelve per cent. on the common stock, if earned, and pledged the directors to pay the workmen the same dividend on their wages as that earned by the common stock. Thus a stockholder holding $500 worth of stock and a workman earning $500 a year are on the same footing, each receiving a dividend of $60 a year since January, 1891. Other profit-sharing companies are not so prosperous, and few have come to the same degree of logical consistency as the Procter & Gamble Company, but the four hundred or so firms and corporations which practise profit sharing to-day in Europe and America do make an agreement with their men that, if profits are realized in the year to come, a certain proportion (whether this is made known to the force or not) shall fall to the employees, and that the size of each man's bonus shall depend upon the amount of his wages; practically, therefore, it is a dividend on

wages that is promised, though the percentage may not be the same as that received by the stockholder on his stock. This is the essence of profit sharing in its developed form as practised by such notable corporations as the Baille-Lemaire manufactory of opera-glasses at Paris; the South Metropolitan Gas Works of London; the Bourne Cotton Mills of Fall River, Mass.; the N. O. Nelson Company of St. Louis, Mo., and Leclaire, Ill., and the Cincinnati corporation just mentioned.'

Four hundred business houses in the whole world practising this method are not in themselves a demonstration that mankind is soon coming over to profit sharing, and it is true that the plan has been tried in numerous cases and been given up. The chief reason for such abandonment has often been the hostility of trade-unions.

ATTITUDE OF TRADE-UNIONS.—This mistaken policy of the unions, one may hope, will gradually be surrendered by them. The firmest believers in the intrinsic rationality of the trade-union principle (and I am myself among them) must confess that the unions have, in fact, committed grievous errors. One of these is their too common attitude of suspicion, if not of pronounced opposition, to friendly advances from the side of the employer, such as profit-sharing plans. Another, just now very prominent because of the recent steel

[1] I mention only these five companies, as they are modern instances, and may be found described in detail in *A Dividend to Labor*; the older ones are set forth in my earlier volume on *Profit Sharing*.

strike, is their opposition to incorporation, as legal persons capable of suing if injured and of being sued if injuring others or breaking contracts with them. (These, of course, cannot be binding unless the unions are incorporated.) In this opposition they lose the support of the great mass of economists, who believe that nothing could be more wholesome for the trade-unions than to have their responsibility evened up to their power. Power for good or harm they have already, but responsibility for harm they disclaim. The public conscience will not be long in pronouncing with the economists on this plain issue of morals.

When the trade-unions repent of their present illogical and immoral unwillingness to become incorporated and take the right position as corporations in that collective bargaining which is to be more and more the custom of the future, they will probably also lose much of their suspicion and dislike of profit-sharing proposals, and a brighter future will open before this method of securing industrial peace. If, in addition to plans of "industrial betterment," the great corporations will make an effort to enroll as many of their employees as possible as stockholders, by offering them stock on favorable terms, they will do well for themselves. It will "pay" in extra dividends to the other stockholders, of freedom from strikes, and of friendly interest felt by the workmen in the welfare of the concern in which they have become part owners themselves. Better still will it be if the United States Steel Corporation, for instance, should set aside some millions

of preferred stock and pay over the dividends on this to the workmen as their share of the prosperity of the combination. Best of all would it be if the principle of a direct dividend to labor were fully recognized by all corporations, as it is by the Cincinnati company I have named, and the workman's wages were regarded as the measure of his contribution to the joint result, a contribution cheerfully recognized by the employer and the capitalist as deserving an equal reward with their own. This is an ideal desirable on economic and moral grounds, and entirely realizable in this twentieth-century world.

Supplementary Note.—A recent decision by the House of Lords, sitting as a law court, has a very important bearing on the legal future of English trade-unions. I give the statement in the *Labour Gazette* for August:

"In connection with a dispute between the Taff Vale Railway Company and its workmen an action was brought by the company against the Amalgamated Society of Railway Servants, a trade-union registered under the Trade-Union Acts, and against their secretary and organizing secretary, the claim being for an injunction and for other relief, which would include damages. The injunction asked for was to restrain the society, their servants, agents, and others acting by their authority, and their officers named as co-defendants, from watching or besetting, or causing to be watched or beset, the Great Western Railway station at Cardiff, or the works of the Taff Vale Company, or any of them, or the approaches thereto, or the places of residence, or any place where they might happen to be, of any workmen employed by

or proposing to work for that company, for the purpose of persuading or otherwise preventing persons from working for that company, or for any purpose, except merely to obtain or communicate information, and from procuring any person who might have or might enter into contracts with the company to commit a breach of such contracts. The society took out a summons to strike out their names as defendants on the ground that they were neither a corporation nor an individual, and could not be sued in a quasi-corporate or any other capacity. The Judge of the Vacation Court refused to strike the society out of the action, and granted an interim injunction until the trial of the action, restraining the society in the manner asked for by the company, the costs to be costs in the action.

"The society appealed against this decision, and the Court of Appeal allowed the appeal, with costs in that court and in the court below. The court held that nothing in the Trade-Union Acts made a trade-union liable to be sued in its registered name, so as to enable its funds to be taken in execution, and that the action was not maintainable against a trade-union. Accordingly, the court ordered that the society should be struck out as defendants to the action, and that the injunction against them should be dissolved.

"The company appealed to the House of Lords, which held that a trade-union registered under the Trade-Union Acts can be sued in its registered name, and reversed the judgment of the Court of Appeal and restored that of the Vacation Judge, ordering the society to pay costs both in the House of Lords and in the court below. (Taff Vale Railway Company *v.* Amalgamated Society of Railway Servants and others, House of Lords, July 12, 15, 16, and 22, 1901.)"

MODEL INDUSTRIES

The Associated Workers' Idea

BY N. O. NELSON

BISHOP POTTER'S first question, "How can workmen and their employers be helped to an understanding of the fact that their interests are mutual?" must be answered by another question. Are their interests, as such, mutual? In the large, as fellow-citizens, as human brothers, their interests are mutual, but in their relation as employer and hired hand they conflict in a way which may in all fairness be called irrepressible. Can there be anything mutual in the division of a given joint product except in one of two ways, by contract or by equality? Contract is the present method and leads to disputes.

Because the laborer is not on equal footing with the capitalist employer he has formed unions, and because the unions have grown strong employers' associations have sprung up. Neither of these recognizes mutual interest, but only class interest. From class interest of a single trade the unions have federated into national bodies, and the employers in certain trades and in certain cities have joined

forces for general lockouts and strike benefits. In these transitional steps the mutuality has been confined within the two broad classes. There has been conflict enlarged and intensified between "the workmen and employers."

Ameliorating measures, such as unions, voluntary arbitration, permanent boards of conciliation with powers of investigation and publicity and more or less judicial power, are useful and commendable, but they cannot go very near to the root of the evil nor heal the irreconcilable conflict of interests.

Even when such agreements are entered into as between the bituminous coal operators and miners, and in some of the building trades, where the two join hands to overcharge the public, there will still be the same conflict over the division of the spoils. The miner cares nothing if coal is dear to the seamstress or the day laborer. The operator is satisfied if combination with the workmen enables him to limit the output and raise his profits; but each side has a clear self-interest in the division, in the amount to be paid as wages.

Few employers do their worst, some do the best they can, none is obliged to be unjust. It is practicable for any corporation or individual employer to relinquish advantages and power and make himself simply a leader and director, or he may go part way and improve the customary conditions; he may shorten the hours, improve the equipment, provide conveniences and comforts, and divide some part of the profits; no one prevents him. He ought to do it, but will he do it? Despots might be benevolent,

but by the tendency of human nature they hav usually been tyrannical. Labor must strugg for its rights, not individually and alone, but by an for the class. As long as there are classes ther must be a class struggle and need for class con sciousness.

If, then, there is not in the wage system an mutual interest, what are the remedial measure available within the system, and what substitute are there for the system?

PROFIT SHARING.—Your questions suggest vari ous plans and measures for solving the ever-recurrin difficulties between capital and labor, and amon them is profit sharing, to which you ask my par ticular attention.

Profit sharing in the technical sense means a pay ment to labor of something in excess of wages, con tingent on the general profits. The payment may be in money, but better still in an interest in the working capital. The object should be to incor porate the employees into the responsible and co working body. To the joint stock capital principl should be added the associated workers' idea, capita and labor joined in mutual interest and mutual obli gations. Beginning with a small minority interest the workers—including managers—should in time become the owners, thus accomplishing what Bisho Potter suggests in his letter.

The theory is valuable chiefly in the recognitio of a mutuality in the results of joint effort; practi cally it tends to bring master and men closer to gether, and it commonly leads to ownership by the

workers. It can hardly be classed as a movement, because it depends on the voluntary motion of employers who are bred to believe that all profit is the legitimate earnings of capital. To give more than the contract wages looks to them like charity or throwing money away. It has often been adopted with a view to getting more work out of men or of obviating strikes, but such schemes have rarely survived the first or second year.

Except as a measure of justice it should not be undertaken. Where so undertaken it will lead on to co-operation and self-employment. This has been the course of such famous business concerns as Leclaire & Co., house painters and decorators; Godin & Co., iron works; Larouche-Joubert, paper makers, and "Bon Marché."

CO-OPERATION.—Profit sharing in its broader sense, the equal sharing of all the earnings by those who create them, either as customers or workers, is embodied in what is technically called co-operation. This plan of business is to the common people what the corporation is to capital, the strength of union and the equality of pure democracy. It has risen to the dignity of a world movement, and it can be truly said that in it the interests of employer and employed are mutual because they are one and the same people.

In that most eventful decade, 1840 to 1850, when transcendentalism in New England, Christian socialism in England, and democratic revolution throughout Europe promised so much for oppressed and degraded mankind, twenty-eight workmen of

Rochdale, England, disciples of Owen and Mauric started a little co-operative store. They adopte the unique plan of buying and selling for cash onl charging the market price for goods, economizin expenses and saving the profits, with a view to a cumulating self-employing capital.

I mention this starting-point of Rochdale c operation because it was so wisely conceived that has never been amended; it has spread the worl over, it is accomplishing what the devoted pioneer aimed at, it is equally available to all people, re gardless of class or means or locality.

ANTAGONISM OF EMPLOYER AND EMPLOYED.— Underlying religion, politics, and science there i the economic question, the means of supplyin men's needs and desires. Man shall not live b bread alone, but he cannot live without it. W call subsistence a material means to a spiritual end but it is so primary, so essential, and so difficult tha it becomes an end in itself. Only a few in an community escape from anxiety about making a living; if not harassed by the wolf they are haunte by fear of it.

I have stood by the open excavation of the new underground railroad in New York City, looking a the men digging. They have told me they got $ a day for fair days when the work could go on Living is expensive in New York. These are no the submerged, they are the men of brawn an health. They are the "Labor."

I have gone through the corridors of the fashion able hotels at midnight hours and looked on the

diners and winers, the evening dress of men and women, with liveried waiters obsequiously serving the viands of all lands. These are the "Employers." Are the interests of the two classes mutual? Can easy-going optimism conjure up any social relation between the two? Can any bridge span the chasm between them?

When I go through our factories and see fine, able-bodied, dexterous, earnest men working nine hours every day and every year a lifetime through, fashioning the uncouth raw material of wood and metal and marble into house material, I ask myself, "Will the 'laborer' have any of these polished and luxurious appliances in the home of his family, or will they only go into the houses of the well-to-do, the mansions of the rich, the 'employer' class?" Are the interests of the laborer and the capitalist mutual in this work?

I know full well that many will say that money payment settles the whole score; but even if that were so, is there any mutuality when one makes and the other enjoys? "My people shall build houses and live in them; they shall possess the land and enjoy the fruits thereof," saith the Lord.

Summing up: the interests of employees and employers are not mutual, but antagonistic; they cannot be reconciled, but must be supplanted by a system of equity. Contract, the higglings of the market, strikes and lockouts must give way to co-operation, equality, brotherhood.

EXPERIENCE IN LECLAIRE.—The editor asked me to forego modesty and give something of my

own experience. The company with which I a connected adopted profit sharing fifteen years a and has continued it satisfactorily ever since. In majority of the years there have been dividends wages of five, eight, or ten per cent.; in sever years no dividends. It has given us no troub and no disappointments worthy of record. Wh dull business or new investments have stopped di dends the employees have taken it in good pa which stockholders do not always do.

Eleven years ago we began building factories the country on a 125-acre tract of land eighte miles from St. Louis, where our general office a store still remain. At the same time we started village adjoining. Our aim was to unite the fre dom, in all respects, of the country with the co veniences and social advantages of the cit Summing up the story, or storiette, to date: V lage Leclaire employs 160 men, 30 apprentices, a 10 girls, one third of whom live in Leclaire, t other two thirds living in Edwardsville, a large o county town adjoining.

Two thirds of the Leclaire residents own the homes, mostly built by the company and paid f by monthly instalments. The houses are of varie style, aimed to be pretty, with three to six room choice running water, and electric light, mostly o lots of one hundred feet front, with fruit and shad trees, garden in the rear and lawn and flower beds i front. We have winding roads, paved with cinder sprinkled, and bordered with sidewalks and shad trees.

We are part of the Edwardsville school district, with graded and high school, but we have our own kindergarten and a primary class. We have a good public hall for semi-monthly lectures, spelling-matches, debates, musicales, dancing classes, and dances. We have a baseball ground, bowling alleys and billiard room, shower baths, fish and skating pond, and library.

We are, at this writing, completing a dining-room, evening buffet, and reading and social room adjacent to the factories. No charge is made for any of these public utilities, the expenses being borne by the two hundred workers and employers, the company acting as disbursing agent. The president and secretary of the company live in Leclaire, with factory workers as their only immediate neighbors, and most excellent neighbors they are. Edwardsville (4200) is part of our social life, proud of us, and joining in all our activities. We have no political organization, no rules, no police, no saloon, no dominating individual, no boss. We are social and peaceable from choice.

Quite a portion of the employees are stockholders, and practically all the stockholders are hard workers in the business. I think we all consider ownership of the factory capital, or even cash dividends, secondary considerations, yet the purpose is to have the ownership pass into the hands of the workers, including all employees. Our different trades are all unionized, union wages prevail, and we have a nine-hour day in ten-hour trades. Perhaps we get as much work done, but why should that be the only or chief consideration?

No attempt has been made to force any reform; indeed, any particular reform has not been sought. By joint action of capital, management, and labor the opportunities have been created; the use of them has been left entirely to individual choice. We have neither coerced nor preached nor excluded. Elective affinities, suggestive example, imitativeness have been the makers of social and moral and æsthetic Leclaire.

Our programme is so modest and simple and practical that almost any "employer and employed" may do likewise if they choose, varying in details according to circumstances.

MODEL INDUSTRIES

DEMOCRACY VERSUS PROFIT AND PROSPERITY SHARING

BY ELTWEED POMEROY

NEARLY twenty years ago I introduced profit sharing into our factory in Newark for the manufacture of writing-inks, etc., and we kept it up till 1893, when we had no profits to share. In 1895 the firm was turned into a stock company and we have not since then shared any profits, largely, I suppose, because my enthusiasm for it has subsided. As I own a majority of the capital stock, I presume the directors would advise it if I asked.

Profit sharing is a good thing in a large concern to show the good-will of the employer to the employee. It is nothing more unless it grows into real co-operation, in which case it is more than profit sharing. Profit sharing means the distribution among the employees of such part of the profits as the owners of the capital may decide, in such a manner as they may say. The employees have no voice in saying how much or how this shall be given. In some cases they are given some volition in this, but it is always subject to the veto of the capital,

and is thus more apparent than real, and the workers cannot help but see this. All they have to do is to accept. This is the ground of my feeling that profit sharing, unless it leads to co-operation, where the workman really decides something, is a mild futility. It is not democratic. The workmen do not achieve something for themselves.

In our experience we closed our books on January 1st, and by the middle of January the certificates were given to the men, and if they left the money with us they were paid one-half per cent. a month, which is six per cent. a year and nearly double what they could get in the savings-bank. Nearly all of them drew it out at once and spent it. We then gave nothing at all at Christmas, because we felt that the profit sharing would come later and we wanted this to be on a business basis. When we stopped the profit sharing we commenced giving out turkeys on Christmas eve, and at a wedding, death, or some special event would give the employee a present in money or some special help. This has more than replaced the profit sharing as a method of showing good feeling from employer to employee. We have also occasionally given a picnic or a supper, and they have been admirable for creating good feeling, better than the rather cold profit sharing, which I doubt if we ever go back to. Ours is only a small factory, employing from twenty to thirty hands.

Objection to Profit Sharing.— If profit sharing led on to a genuine co-operation, where the men shared in the management and suffered from their joint mistakes and benefited by their

own good management, in other words, if it led to a democratic instead of an autocratic conduct of business, I would be really enthusiastic over profit sharing; but co-operation is not profit sharing, but something more. In our experience I tried to make profit sharing lead up to co-operation, but was hindered by the apathy both of business partners and also of the employees, but more particularly of the latter. They lacked initiative—both desire and ability to share in the management. My knowledge of other profit-sharing experiments, which is wide in the literature on it and intimate in some few cases, confirms my own experience.

I have visited many of the so-called "model industrial settlements." I heartily appreciate the spirit back of them, but I have the same kindly criticism to make of them that I do of profit sharing. As long as they are only a better environment prepared for the working man by his employers or superiors in wealth in which he has not a deciding voice they are at their best benevolently good and at their worst the exercise of industrial tyranny. But as soon as the workman is admitted to a share in the management of these settlements or industries, just so soon do they become of real value to him. In other words, their real value to the workmen depends on the amount of democracy diffused into the business.

DANGERS OF INDUSTRIAL AUTOCRACY.—Curious as it may seem, in our industrial affairs we are in a period of decreasing democracy in their management and of great, but, I believe, temporary

brilliancy. The great factories and combinations are freezing out the small makers and small dealers. It used to be comparatively easy for the average efficient worker to get a small shop of his own and do a small but prosperous business. That day has passed or is rapidly passing in almost all lines. In past days the fact that any workman might become a master brought about a democratic spirit in the small shops. But in a great factory the executive cannot know his men and must be far more autocratic. The result has been a stopping in the lower ranks of our industrial life of that most precious of all things, the power of individual initiative. In the middle and upper ranks of our industrial life the men who have grown up in this democratic atmosphere of individual initiative and who, having real ability, have been brought out and developed by it have been drawn into the circle of executive direction and are giving great force and brilliancy to that direction. But all men are human, and these men will die off in time. Where are their successors to come from? The atmosphere and training which brought out and developed our present industrial leaders are rapidly vanishing.

We are to-day doing in our industrial affairs what Louis XIV. did in France in political matters a few centuries ago. Coming at the end of a democratic age which produced many men of power and initiative, he centred all power in himself and drew to his court all the brilliant men of his age. The result was one of the most brilliant periods of French history, but his autocracy prevented the growth of

other great men, and the end of his reign was almost as sterile in ability around the throne as the beginning was plentiful in it.

Because of the rapidly developing complete autocracy in our industries the passage of one or at most of two generations may see our industries led by as inefficient men as to-day they are led by efficient ones, and then they will only have the inertia of past successes to carry them on. The barrenness of the reign of Louis XV. and of Louis XVI. will symbolize our industrial condition then, and it may be well if it is not followed by such a cataclysm in industry as the French Revolution was in politics. To be permanently successful we must have democratically conducted industry as to-day we have democratically conducted politics.



PART VI

SOCIALISM AND SINGLE TAX

SOCIALISM AND SINGLE TAX

SYNOPSIS

HARDIE. Condemns trusts — Profit sharing objectionable from union standpoint—Co-operation of limited applicability—State ownership and control of land and capital.

JONES. Right of all to work—More equal sharing—The few have no right to enjoy immense profits at expense of the many—Next step co-operation in distribution—Public ownership of railroads.

CHASE. Condemns trusts—Trusts a step toward socialism—Individualism disappearing—Socialism next step.

BLISS. Actual conditions—Real conflict—Proposed remedies inadequate—Benefits of trade-unionism—Does not solve problem—Socialist party with national programme—Public ownership of natural monopolies—Next step after trusts.

HALL. A parable—Definitions of capital and labor—The burden of special privileges—Social value of land ownership—Benefit of strikes—Objections to socialism—Restore land to laborer—Single tax—Abolition of monopolies.

CROSBY. War of capital and labor—Social and economic inequalities—Wage-earner's share inadequate—Effects of machinery on labor—State socialism not the remedy—Trusts and monopolies the result of special privileges—Single tax—Free banking and free trade—Equal opportunities *versus* monopoly of opportunities—Trade-unions a means of education of workers; a counterpoise to monopolies.



SOCIALISM AND SINGLE TAX

PUBLIC OWNERSHIP OF LAND AND CAPITAL

BY J. KIER HARDIE

NO more serious question could engage the attention of statesmen and leaders of thought than that which stands at the head of these articles. Students of social conditions are becoming seriously alarmed at the growing power and arrogance of capital.

All business carried on for gain is necessarily cruel and selfish. So long as it is conducted on a moderate scale by small capitalists the human element operates to some extent in keeping its rapacity within bounds. When, however, business passes out of individual control and merges itself first into a company and finally into a trust, it becomes an anti-human monster, void of feelings, of compassion, or bowels of mercy. In these days of fierce and keen competition among nations there is no room for sentiment in the relations subsisting between employer and employed. The capitalist, to be successful, must be absolute in his control of his business. Workmen who have been accustomed to considering themselves the equals of their employers

are learning that that order of things is passing away.

Take for example the most recent illustration—the dispute between the Steel Trust and its workpeople. Before the strike actually commenced I was interviewed by the London representative of an American newspaper and asked for an opinion as to the probable outcome of the strike. My opinion was that the workers were bound to be defeated.

So long as the number of workmen on strike is comparatively small they can be supported by their fellows who remain at work, but when the number out can be reckoned by the hundred thousand any idea of supporting them becomes out of the question. Besides the trust is superior to all considerations of public opinion; knowing itself to be master of the situation it pursues its way relentlessly until the workmen, crushed and submissive, are glad to accept its terms.

It is to me a matter of great regret that my forecast has been only too well realized. It is not only in the industrial sphere, however, that the power of capital is menacing the freedom of the subject. Behind every government, republican or monarchical, stands the financier, dictating the policy to be pursued and brooking no denial. Since 1850 the great banking house of Rothschild alone has provided Great Britain with loans amounting to £200,000,000; Austria, £50,000,000; Prussia, £40,000,000; France, £80,000,000; Italy, £60,000,000; Russia, £25,000,000, and Brazil, £14,000,000. The paymaster is always boss.

It was an interested group of capitalists who rushed the United States of America into war with Spain over Cuba — just as a similar group has hounded Great Britain into the murderous war now being waged with the republics of South Africa— a conflict, by the way, which threatens to bleed the Empire white.

As I write news is filtering through of renewed atrocities in the Far East of Europe. The unhappy Armenians are again being massacred wholesale by the bloodthirsty Turk, whose policy it is to wipe that hardy race from off the face of the earth; but there is no outcry in this country against such barbarities. In fact, there seems a conspiracy of silence to prevent the truth becoming known. When, in 1898, the late W. E. Gladstone, from the seclusion of Hawarden, sought to rouse the conscience of Europe on this very question, the Right Honorable, the Earl of Rosebery, his successor in office, acting as the spokesman of the bondholders of Turkey and Egypt, whose representative he is, terrorized the nation into non-action by picturing the fearful results which would follow intervention. At that time every one knew that what his Lordship was thinking about was not the results which would accrue to the nation, but the loss which would be felt by the Rothschilds and other financiers whose interests were at stake.

The inevitable trend of capitalism, whether industrial or bonded, is toward concentration. Between the holder of shares or bonds and the actual producer of dividend and interest come a long array of

intermediaries, so that all sense of responsibility on the part of the recipient of interest toward its producer is wanting. To the lack of this responsibility it is due that the workman is being gradually reduced to the status of an inanimate bit of machinery. His independence is being lessened and his sense of freedom destroyed. In the absence of the free play of the forces of action and interaction which follow competition in the open market both producer and consumer are at the mercy of the capitalist.

The problem is, then: How to insure that capital shall be the servant, not the master, of the community; the partner with labor, not its oppressor.

PROFIT SHARING.—Various schemes have been propounded for coping with this difficulty. Profit sharing has been advocated, but has not been generally successful. In cases where the employer is able to personally supervise the working of the system its evils are not so manifest, but where the employer is a company the conditions which attach themselves to a system of profit sharing are such as to produce servility and sycophancy among the work-people. One condition usually attached to a system of profit sharing is that trade-unionism must be abandoned. Those who have studied the condition of the work-people of a great concern in which profit sharing obtains feel that whatever gain the workmen may have secured in wages they have paid for it in the sacrifice of their independence.

CO-OPERATION.—Co-operative production is a more hopeful experiment. Here the work-people actually control the factories in which they work and

own in whole or in part the capital employed. Obviously this method has its limitations, and is not likely to become so universal as to solve the problem which we are attempting to discuss. Of late certain unions, chiefly connected with the building trades, have gone into business on their own account, and the experiments have been fairly successful; but here also the application of this method is strictly confined to certain businesses.

MUNICIPALIZATION.—The most successful efforts in the direction of solving the problem are those which are associated with the municipalization of certain industries. In all our big cities the municipal council owns and manipulates the water supply, gas, electricity, trams, etc. In such cases there is no conflict between the capitalist and the consumer, since they represent the same set of individuals. The worker, however, is still an employee, but the universal experience is that his conditions of employment — in respect to hours, wages, etc.—are immensely superior to those enjoyed under private firms. Strikes are almost unknown on the part of municipal employees, the reason being that when the workmen have any real grievance they have usually public opinion on their side, which in turn influences the city council, and thus secures redress.

PUBLIC OWNERSHIP THE SOLUTION. — This, then, is my solution of the difficulty.

The three main factors in production are land, labor, capital. So long as those are owned by different sets of individuals conflicting interests are set up and strife and oppression are inevitable. By

making land and capital public property they have no interest apart from that of the well-being of the general community, and I see no other means of solving our industrial problem save that advocated by the socialists.

If it be objected that this would be to create monopoly, the reply is obvious; the ownership of land and capital is already a practical monopoly, but it is a monopoly not controlled by the community. When land and capital are publicly owned there will be a monopoly still—a monopoly, however, belonging to the people, controlled by the people, in the interests of the people.

SOCIALISM AND SINGLE TAX

EQUALITY AND CO-OPERATION

BY SAMUEL M. JONES

ARE the interests of employers and employed mutual and identical? Yes—or there is no God; or if the interests of employer and employee are not identical, if the good of one means the harm of the other, then there must be two Gods—the God of the working man and the God of the boss. One of these two conclusions is absolutely necessary. The only alternative is to reject the idea of God entirely and then we have confusion and never-ending despair. This, then, is my fundamental conclusion, and upon it and true to it I try to build a rational philosophy of relation between myself and all humanity.

There is one divine source of all life, of light, and truth. This source we call God or Good, the all father, or the father of all. This makes the entire race—all colors, creeds, and conditions—a brotherhood, and their mission on earth is to learn the lesson of harmony, to learn to live brotherly. The Golden Rule is the original of every decree of human liberty that has ever been spoken, and only as

we base our conclusions upon it and build our s
and political relations true to its exacting dem
can we hope to make any progress in the settle
of the industrial question, or take one step to
political peace and social justice. It was this
clusion that about six years ago led me to pu
Golden Rule up on the walls, as the rule that sh
govern in our factory. It was not a spontan
outburst of "goody goodyism," or "googooi
or anything of the sort. It was the New Birth
brought me to understand that the law that go
my relation with my fellow-men is as unerring
inexorable as the rules that govern arithmetic.

We are yet in the childhood period of the li
the race. For centuries mankind has been stri
to find a short-cut way or quick-acting specific
would give the world the peaceful relation for w
the soul longs, and we are beginning to learn
there is no substitute for justice, that right
wrong, like oil and water, will not mix, and
they cannot abide together in peace. The appa
never-ending strife between capital and labo
nearing its end. Never in the history of the w
has public sympathy been so fully with the to
as at the present time. The forces are now ap
ent that in due time will carry out the peac
solution of the labor question in the only rati
way that it can ever be settled, that is, with a re
nition of the fundamental principle of equality
its application to industry through co-operation

The introduction of labor-saving machinery
ing the last fifty years has done much to lighter

burden of human toil. The next rational step is the adoption of the shorter work-day, which must become shorter and shorter as machinery is multiplied until there shall be such a division of labor as will make accessible to all the God-given right to work, for, as it is the mission of the nation to produce great persons, we must understand that healthy, able-bodied men and women cannot be reared by growing them up in idleness. Unless the hands are used for the purpose for which God intended them, how can we use the brain for the purpose for which it was intended? The meaning of this is that the whole man, all men and all women, in whatever condition, have a right to work, have a right, indeed, to become co-workers with God in the establishment of the Kingdom of Harmony (Heaven) here and now, in this life and on this earth.

CO-OPERATION IN DISTRIBUTION NEXT STEP.—The trusts are making the application of the co-operative principle in the field of production, they are abolishing the warlike methods of competition and eliminating its dreadful and costly waste. Any combination of men and materials that saves labor and lightens the burden of human toil is in the line of progress and ought to be encouraged, but the trust-makers have not reckoned on the next step, which is just as inevitable as the step that led to the formation of the trusts. This next step is co-operation in the field of distribution and the saving effected by the development of labor-saving machinery, and the organization of the trusts does not belong alone to the trust-makers. This saving is a

social product because it would not be possibl
cept for the combined efforts of employer and
ployed alike. Indeed, it would not be pos
except for the combined labors of hundreds
thousands of men and women who have gone b
and who have delved in the dangerous mines,
tered over the fierce heat of burning furnaces an
melting crucible to unlock the secrets of nature
make the crude ores into highly specialized mac
which produce the marvels of modern industry.
of these labors of these unnumbered thousands
have gone before have made possible the triu
of the modern man over the sources of nature.

It is a crime, not against the revised stat
but against Almighty God, for a few men to
the enormous profits that are made possible thr
this social energy as their own, for individual pr
use, for the gratification of a depraved taste fo
gar luxuries, which in the end result in destr
the man, both soul and body. These profits
social product, and should and will yet be soc
owned and distributed in the way best calculat
build up the citizenship of the nation. This is
brought about by a gradual process. The sh
work day is a step toward it, and the next st
the development of industry is the adoption
system of co-operation in the field of distribu
that will recognize the principle to which our go
ment is dedicated, and upon which all huma
must be saved or forever lost. That princip
equality of all men and the right of the hum
citizen—yes, the right of every baby born on

planet to have access to everything needed to develop in that baby the highest possibilities of citizenship.

The sooner employer and employed recognize and strive to build true to this principle of equality the better it will be for the peace of mind of the individual and for the welfare of the nation.

SOCIALISM AND SINGLE TAX

THE ABOLITION OF COMPETITION

BY JOHN C. CHASE

THE attempt to reconcile labor and capital and still maintain present industrial systems is much like trying to bring about the time when the lion will look with brotherly tenderness and affection upon the meek and humble lamb. So long as there is an untamed lion roaming through the wilderness seeking what or whom he may devour, just so long will the gentle lamb be his victim. The lamb is not reconciled; the lion does not want to be.

Just so long as we have an industrial system based upon intimidation, violence, and legalized theft, so long will labor and capital remain unreconciled. Labor will not become reconciled, because it means the acceptance of annihilation. Capital does not want to be reconciled, because it would mean the abandonment of the privilege of supremacy and oppression. Labor creates, capital confiscates, under our present system.

Lincoln said that "labor is prior to and independent of capital. Capital is only the fruit of labor and could never have existed if labor had not first

existed. Labor is the superior of capital, and deserves much the higher consideration." What would Lincoln say to-day were he here to participate in the solution of this problem? He would say just what every socialist says: Abolish class distinction by making every laborer a capitalist and every capitalist a laborer.

The two classes, one which produces all and gets nothing, and one which produces nothing and takes all, can never become reconciled. The solution of the problem lies in the entire abolition of capitalism or competition, and the substitution of socialism or co-operation. Then there will no longer be the laborer and the capitalist with hostile interests, but one universal brotherhood of mankind, working in harmony, unified and reconciled. Labor—and in the term I include all who do any useful work by head or hand—will create all and enjoy all. Then capital, which is nothing but accumulated labor, will be public, instead of private, property.

Have all industrial enterprises run in co-operation instead of competition; give every one an opportunity to labor and bring out the best there is in him; give to every one according to his deeds, and there will no longer be this problem of reconciliation between labor and capital.

That the day is fast approaching when the capitalist system will give way to socialism no student of economics will for a moment deny. It must be the next step in the onward march of civilization. As has been said by our most illustrious statesman, this nation cannot live half slave and half free men.

Evidence abounds on every side that the people are awakening to the fact that freedom must be given to the enslaved toilers of the land. From press, pulpit, and platform comes the appeal for better conditions for all mankind. The world is rapidly nearing socialism.

Carroll D. Wright very truly says that three forces are involved in the economic trend toward socialism: first, socialism; second, organized labor, and lastly, capital itself. This is absolutely true. Socialism is here asserting itself. Organized labor is growing in strength and power, and with its growing strength comes the knowledge that there is no goal short of the co-operative commonwealth. And lastly comes capitalism itself, which can be likened to the reptile which devours itself, fast ushering in the day of its own destruction.

In all the concentration of industry and wealth in the hands of a few which manifests itself in the form of trusts and combinations we find the shadow of socialism lurking. The trusts of to-day are a potent power in bringing about the dawn of the new era in the industrial world. Every trust organized, every combination effected is a part of the great evolutionary work now going on which will culminate in the completer organization of industry upon the lines which socialism represents,

The day of individualism is fast disappearing. A few financial kings hold the destiny of the whole human family in their hands. This few is growing less in number and the lessening number growing more powerful. Eventually, none will be so blind that

they cannot see that their power must be transferred from the few to the many. When concentration under capitalism has reached a certain point; when it shall become plain that a few individuals or families have virtual control of all the means of production and distribution, then will it become plainly apparent to all that the transformation from private to public ownership of these means must take place. This will be necessary for the public good, and whatever becomes necessary of accomplishment for the public good always has been and always will be accomplished.

Just how this is to be done is largely a matter of education and development. The capitalists are doing their part, unwittingly, perhaps, but surely, nevertheless. It remains the duty of the people to do their part, and they will rise to the occasion. Capitalism is already socialism for the few. It must be made socialism for the many. When this time comes there will no longer be the present class distinction and class struggle on economic lines. When this time comes, labor and capital will be reconciled, for they will then be one and inseparable.

SOCIALISM AND SINGLE TAX

How to Unite Labor and Capital in the Same Man

BY W. D. P. BLISS

WHAT do we mean by "reconciling labor and capital"? If we take the words in their strict sense there is no need of reconciliation, because there is naught to reconcile. No hoe ever quarrelled with its user. But usually those who use the phrase mean reconciling one man who owns the hoe with another man who wields it, and this is a very different question. It is well to sing the praises of capital and show what it has done for the world; how it has made it possible for man to girdle the globe, erect the home, spread the table, build the library, span the continent. Without capital man is a savage (though a free savage may be happier and nobler than a prisoned heir of all the ages). Capital is power.

It is also well for people whose work is interesting, work of the head and heart, to sing pæans about "the divinity of labor, the nobility of toil." Labor is divine, provided it be creative labor, for every laborer should be a god. The world were a hell,

and a hell without hope, if man could not work with a heart in his work. (Shame on us that so many of our brethren live and die in that hell, some finding that hell on Fifth Avenue, some in East Side tenements.) Labor of the right kind is noble.

But such language becomes false, insolent, damnable alike to those who use it and those who listen to it, when under the guise of lauding the functions of tools and of work is covertly, sentimentally, or ignorantly built up a defence of a condition of affairs where one set of men own nine tenths of the tools and another set of men do nine tenths of the work. Air and lungs are both necessary to life, but when the air is on top and the lungs are down in a Black Hole, men die. And when those enjoying the free air shout down to the men in the hole learned essays or sentimental talk about the wonderful mechanism of the lungs and the marvellous composition of the air, it is no wonder that men dying for lack of air grow angry, indignant, anarchistic.

The problem of the century is not to reconcile labor and capital, nor to make one set of men content without capital and another set of men (or their wives and daughters) content without labor; the problem is how to unite labor and capital in the same man. This is the aim of what is called socialism, and socialism will not down (no matter how the mistakes and follies of socialists may delay the issue till every man has a due share of capital and every capitalist does his share of useful creative work.

How can this end be reached? Most people will admit its theoretical desirability; how can it

practically be accomplished? This is the question to-day before civilization.

EDUCATION.—Some people will answer by various forms of the mental, moral, and manual education of wage-earners, to make them more capable of acquiring, keeping, and making good use of capital. Education! Yes; who will say aught against education? But, like liberty, what crimes are committed in its name! All need education, and among others the capitalist, the ecclesiastic, and the economist. We should like to see schools of manual training for capitalists as well as for wage-earners; schools of political economy for ecclesiastics as well as trade-union leaders; schools of moral sense for economists as well as for those environed by physical slums. Who need education the most, it is hard to say. But will education, in the ordinary sense of the word, solve the economic problem? We answer no.

Education of the right kind may enable one man to climb on the shoulders of his fellows who have less. Knowledge is power. Those who see an educated wage-earner climb out of his class into the class of capitalists are apt to say, "Teach all men to do the same, and life's problem is solved." But let us revert to the Black Hole, for in such a state of affairs we are. Where men are wriggling, striving, shoving, battling to get near to the little air there is, if you infuse into a few men new strength and ability it will undoubtedly enable them to get nearer the top, and possibly out of the hole; but if one gets up and out by shoving other people down and in, is there a net advance on the problem of relief to the world?

Yet such is the situation so long as life is a scramble of competition, with survival only for the most dexterous wriggler.

John Stuart Mill long ago pointed out that in a race, if one man removes his coat and the others do not, the coatless man has the advantage, but that if all should do the same it would but make the struggle more severe. Education may remove some obstacles from the path of individual competitors and enable them more cunningly to trip or defeat their rivals, but if all men were educated and the system of competition were unchanged, it would but make the race of life more desperate and severe. A wiser than Mill eighteen centuries ago declared that the development of self was not the path to heaven. They who would come to God's life must lose their selfish life. Sacrifice, not self-development, is God's path to individuality. Economics, common-sense, and history indorse the words of Christ. Those who have sacrificed are the great ones of history.

PROFIT SHARING.—Others say, let us develop various forms of profit sharing and gradually make the worker share in the benefits of capital. This, too, is well, but is it a solution? Business to-day is notoriously consolidating at gigantic bounds; a few men are coming to own, or at least control, the commercial world. With that giant fact before us, is it aught but mockery to try and meet the situation by offering to dole out little fractions of capital to the hungry millions? When a few men monopolize even the air (for does not the owner of an East Side tene-

ment, himself living, perhaps, in a healthy suburb, become a monopolist of the air?)—when, we say, monopoly is in the air and controlling the air, is it any consolation to say to the men in the Black Hole: "If you will serve our interests the better and give us an increasing amount of the air of the world, we will allow you people 'in the hole' to have a tiny portion of our increasing amount"?

TRADE-UNIONS.—Still others say develop trade-unions. Let capital organize and labor organize and then arbitrate between the two. This, too, is well. Education, profit sharing, co-operation, trade-unionism—all are well, and the last, perhaps, economically the best. Wages in America are high or low about in proportion to the extent to which the wage-earners in any craft are or are not organized in trade-unions. He who opposes trade-unions, if honest, is ignorant. Trade-unionists make mistakes, commit follies, do wrong, but so do capitalists, and at least as often. Trade-unionism all serious thinkers to-day believe in. Experience has taught the wage-earner that the trade-union, even if occasionally despotic, is, in the long run, his securest defence to-day against the greater despotism of the employing corporations. But can the most optimistic believer in trade-unions argue that here is the one path to salvation? Can trade-unions to-day equal, or begin to equal, or ever hope to equal the power of organized capital? Trade-unions are gaining. They are learning by their experience and profiting by their mistakes. They gain slowly. But capital is consolidating at giant bounds. Can the snail overtake the hare? Not

unless the hare be stopped. Trade-unionism alone will not answer.

A LESSON FROM HISTORY.—What else can be done? Let me answer by an illustration with a few facts:

In the days of the struggle against chattel slavery the problem was how to free the slave. Men argued that it could only be done gradually; that the slave was not competent for freedom—a contention partly justified by the results. Then, as now, it was shown that the interests of slave and slave-owner were mutual. If the slave-owner treated his slave well, gave him more corn and mush, let him go to the "nigger" chapel on Sunday, it was for the slave-owner's good. The well-treated slave was likely to produce more cotton; above all, he was more likely to remain in slavery. Property was worth preserving. It paid the slave-owner to be kind. On the other hand, it was argued that it paid the slave to be industrious, temperate, respectful, submissive "to his betters." If the slave produced more cotton he could usually get more mush. If he smiled when the taskmaster thrashed him he was not quite so likely to get a thrashing the next day. If he licked his master's boots he might even be allowed to live in the vicinity of the master's house, and get the crumbs from his table. Fawning and especial industry was for the slave's own good. Such arguments were common in economic writings and in sermons North and South.

By others it was argued that the thing to do was to get the slaves individually out of slavery

and into Canada, and so an underground railway was organized by kind-hearted men and women and a few slaves were helped to liberty. But, unfortunately, the government was largely under the influence of the slave power, and it used the power of government to hunt and return to their owners most of the slaves who struck, much as the army is used to-day in our strikes.

A growing number said that something must be done, but that we must do not much or society would go to pieces and the country be ruined. And so the Whig party gave us Missouri compromises and Dred Scott decisions. Yet somehow the compromises only compromised their framers and the decisions decided nothing and the struggle went on.

Still others argued in favor of slave colonies and republics in Liberia and elsewhere. The slaves themselves made a few noble but futile efforts.

Still others argued that slavery was not an evil to be met, but a sin to be left. Through government nothing could be done. The very Constitution was a "covenant with death and an agreement with hell." Such argument was very stimulating and set people to thinking, but the sin went on.

At last, one day, at Warsaw, New York, a few earnest men formed a Liberty party. They made but a small beginning and innumerable mistakes. At their first election they only polled 7059 votes over the whole country. Their own candidates declined their nominations. At their second election they succeeded only in defeating Clay and electing Polk, and thus making Texas a slave State. After that

election they went to pieces. It all seemed "infinitely pathetic." Nevertheless, in place of the Liberty party came the Free Soil party and by and by the Republican party and the war and the liberation of the slaves.

Must history repeat itself? The good, cautious, sensible Whigs who wanted to do things very gradually forgot one thing. They forgot that the slave question was a moral question and that against that moral element compromises, compacts, even the decisions of courts, were as naught. The Whig party knew not the day of its visitation; neither the policy of a Clay nor the genius of a Webster could save it against the Truth.

On the other hand, the men who stood for principles without measures, who would not work through government at all because the government was not perfect, were useful as agitators, but did not free the slaves. A party that dared to stand for principle applied in practical measures did free the slaves.

THE POLITICAL METHOD.—What shall we do? There is no one short cut. But shall we ignore the political method? Shall we sneer because its beginnings are weak? Shall we be hopeless because some of the labor leaders in trying to play at politics show poor judgment against the shrewdest men organized capital can pick out? Slow measures might be the wisest if the situation would allow. But those who advocate simply education, profit sharing, etc., forget one thing. They forget what the Whig party forgot, that the present economic problem is a great moral issue, which

the logic of events is steadily and rapidly forcing to an issue.

Capital is consolidating from Maine to California; trusts are being formed in almost every line of industry; the means of continental transportation are passing into fewer and fewer hands; the power of monopoly is steadily extending over hall and bench, over pulpit and press, over commerce and the ballot. As far back as 1871 not a socialist, but Charles Francis Adams wrote:

"The system of corporate life and corporate power is yet in its infancy. It tends always to development; always to consolidation; it is ever grasping new powers or insidiously exercising covert influences. Even now [1871] the system threatens the central government. . . . The belief is common in America that the day is at hand when corporations far greater than ever—swaying power such as has never in the world's history been trusted in the hands of mere private citizens, controlled by single men like Vanderbilt, or by combinations of men, like Fiske, Gould, and Sage—after having created a system of quiet but irrepressible corruption—will ultimately succeed in directing government itself."

Has that day come?

Against such a situation is it a sufficient answer to frame pretty words about reconciling capital and labor? Can trade-unions, co-operative colonies, profit-sharing schemes, boards of arbitration, even capitalist-owned churches and schools, meet the issue? Is it for men who would really serve the public need to cry peace, peace, when there is no peace?

For our part we answer that the only power capable of meeting the situation is the concerted moral sense of the whole people. In this we have faith. The American people are not yet enslaved. In 1896 on a partial issue and with a confused lead more than half the white native vote of the country was cast against the party which it believed to be the party of the trusts. In 1900, under circumstances still more complicated, the same result was approximated. Is it Utopiân to believe that in the near future, on the plain question of public co-operation through government—*i. e.*, of public ownership of monopolies against the trusts—an overwhelming majority of the plain people would be against the trusts? The first great party that sounds forth that note, standing for principle on practical measures, will win the day.

This is no plea, however, for a Utopian class-conscious socialist party that strives to apply to America a German theory. It will take the moral instinct of the whole country to down the power of the trusts. It must be an American party, believing in our country, inheriting the best traditions alike of a Jefferson and a Lincoln. It must be no class uprising. With the principle of brotherhood for all and malice toward none it must unite the Anglo-Saxon genius for practical construction and constitutional development. A practical programme of public ownership for the city and the nation is the only way to unite labor and capital on the basis of equity and in the limits of the practical.

SOCIALISM AND SINGLE TAX

RESTORATION OF THE LAND TO THE LABORER

BY BOLTON HALL

AGAIN the Interpreter took me by the hand and showed me two that contended together for the ledge of a hill that had been made narrow by digging away the bank, and the Interpreter said: "They are father and son."

And one took the other by the throat, and pressed him with intent to throw him down. And as I looked, behold, he that was pressed gave ground and stumbled where the earth was cut away, and both fell together and perished miserably in the abyss.

Then said I, shuddering, to the Interpreter: "Who be these?" And the Interpreter said: "The father is labor, and the son is capital, and they struggled together, for each thought that if the other fell, himself would rise."

If the interests of father and son are not identical it must be owing to some wrong state of affairs; and to enable labor and capital to see that their interests are naturally mutual it is only necessary to discover and correct that wrong state of affairs.

At present they are disputing about wages—not on the whole because they want to do so, nor because either capital or labor is bad, but, mainly, because they have to. Some laborers are well paid and get more than they need to live on; if they do, it is because something saves them from the compulsion of the competition of other workers. Some capitalists make large profits and could afford to pay higher wages; if they could pay higher wages, it is because something gives them an advantage over the other capitalists, whose competition they have to meet, and so saves them from that compulsion.

MEANING OF LABOR AND CAPITAL.—But, as we think about the relations of capital and labor, we must be sure that we mean the same things by labor and capital. If you reason of labor, meaning only carrying a hod or working at a trade, and I mean by labor practising law and writing this article, we shall not agree in our conclusions.

Let us take the common meaning of labor. "Effort used to produce anything useful"; the thing may be used to feed, shelter, or amuse us; the effort may be pleasant, like the work of a carver on his beautiful design, or irksome, like the work of a feeder to a machine; but if it produces something that is of use to some one, it is labor.

The part of this produce that remains in tangible form we call wealth, for wealth, you know, is only valuable labor product and not merely money or bonds; indeed, money and bonds usually mean only the power to take wealth from others. Mr. Wanamaker is wealthy, if all the contents of his stores are

paid for, even if he should not have securities or money in the bank or cash in his office. He would still have wealth used as capital. So we may take the usual meaning of capital also, "that part of wealth used to produce more wealth."

The housesmith who owns his hammer is, to that extent, a capitalist; if he owns a pile driver he is a larger capitalist; and if he owns a trip hammer or a steel plant he is only a yet larger capitalist.

Capital may be used by the owner himself, or used to help the labor of others, or to oppress others, but that does not make it the less capital any more than to chew a cigar or to use it to blow up a barrel of gunpowder makes it less a cigar.

Interest goes to capital as its reward. Wages ought to go to labor as its reward. The laborer wants more return for his labor. The capitalist wants more return for his capital, as interest.

METHODS OF INCREASING WAGES.—The problem then really is how to raise wages of labor and of capital. For wages are only that part of the thing produced that goes to the producer of it. Neither labor nor capital will object to the other having an increased return, provided the increase is not at his expense. In fact, Mr. George Gunton publishes a magazine devoted to a plan for increasing wages by "raising the standard of living." He wants to increase the wants of the coal miners by teaching them to smoke cigars instead of pig-tail plug, and to give up beer in favor of champagne. That the professor thinks that the hole produces the mouse, instead of the mouse producing the hole,

makes no difference in his good intent. The fact is that when men get high wages, they will learn to buy luxuries "all by their little selves," without a professor of social economics to teach them. Naturally, both capital and labor are desirous of increasing their own wages, and there are few laborers who are not capitalists in some small way, and there are few capitalists that do no labor whatever; so that it would be to their interest to increase all wages.

Every one recognizes that it is competition that regulates wages. For where capital finds abundant opportunities, as in a new country, interest rises, and where these opportunities are taken up interest falls; where two men seek one job wages will fall; where two jobs seek one man wages will rise. Hence our laws against immigration and the plans of Mrs. Besant and others for the prevention of births.

But we may lessen competition either by decreasing the supply of labor and of capital or by allowing the demand for labor and capital to increase.

For instance, every year a few men meet in a directors' room and decide how many tons of coal shall be mined in the coming year. Their actuary figures what the probable demand will be, and how much coal should be mined to bring say a hundred per cent. profit. To do this they put certain mines on short hours and keep certain coal fields idle. The result is that the laborers, pickers, machinists, weighers, engineers, superintendents, and carriers who would be employed in getting out that coal are out of jobs, and the clerks, salesmen, and lawyers and those who serve them, who would all

be employed in getting coal to the consumer, are also "out of a job," and crowd the labor market, bidding for your job and for my clients. The demand for capital also falls. But those coal mines and fields might be opened up, increasing the demand for labor and capital instead of being shut down and decreasing it, as now. To shut them decreases the opportunity of labor and cuts the wages of the capitalists who shut them as well as those of the laborer.

Emerson says that whoever puts a chain about the neck of his fellow fastens the other end about his own neck; for we are of one flesh, and nothing is more clear than that no one can in the end really profit by injustice.

Other methods of increasing wages are often proposed by those who wish to reform things without altering them. One is to encourage the laborer to demand high wages. This may sometimes help. Men often work for less than they could get because they and their fellows are content with what they do get. But the pressure of competition is a constant and steady force which, in the end, compels economies and forces the average laborer down to just what he can live upon—with some approach to the way that he has been accustomed to live.

Mayor "Golden Rule" Jones advocates the plan of shorter hours. He says, "Divide up the day." This is a palliative, like the short rations of shipwrecked sailors. It assumes either that the amount of wages is a fixed amount, which it is not, for the laborer creates that which is sold to pay his wages;

or else it assumes that the amount of work to be done must be as limited as it is now. This is not so either, for no man should be out of work until all human wants are supplied.

Elbert Hubbard represents the teachings of the kindly co-operative school. The fault in this is that the owners of the land that must furnish the materials and the place for work are able to take all the increased product of co-operation in rent or price for the land.

Others advocate farm colonies, like the Salvation Army's, or the purchase of land by the laborers. These are good so far as they go. If the money spent on strikes had been devoted to the purchase of land no one would be out of a job except the landless men.

There is a little story about one John, who struck for $3 a day. The boss said that he could not afford it, and John went out. The boss reasoned that John had his home in the village and that there was no other factory there. So he said to himself: "When John gets tired of idleness and want he will come after me." But John did not come. After a while business brisked up and the boss went after John. Said he, "I 'll give you that $3, John." So John came back.

The first day the boss came to John's bench: "What have you been doing these five months?" "I 've been working, sir." "Working at what?" "At my wood lot," says John. "Oh!" replied the boss; "I did not know you had a lot." "No?" says John; "I knew it all the time."

The experience of the "Cultivation of Vacant

Lots by the Unemployed" (a report of which the Philadelphia Association will send to any one who writes for it) shows that the distribution of land is the best palliative of which we know.

Efforts to raise wages by strikes are popular with working men, because to strike is to do something immediate. Notwithstanding the persistent assertion of the paid press much has been gained by strikes and little lost to the working man as a whole. The workers, as a whole, did not lose wages by the steel strike. If every one in any trade were employed a strike would mean loss to that trade, but every one never is, and though the strike checks building and other use of steel, and may possibly induce some to use stone or wood instead, the stone masons and carpenters will get more work for it and there will not be less buildings in two years from now on account of the strike.

Population and business grow, and a little later more men will be employed to put up the buildings that are halted now. A strike generally merely defers operations and wages. But the difficulty in a strike is that capital thereby idles and rusts, while labor, without other resources, starves.

Edward McHugh's "ca-canny" method, which works so well with the English dock laborers, has not been tried here. It is applicable, however, only to day's labor, for it consists of doing only a dollar's worth of work for a dollar—not to strike, but to take the employer's pay, and by general agreement for the men to "take it easy" till the employer pays them to do their best.

Socialism is ardently and ably advocated as a remedy for the struggle for returns that goes on between labor and capital. That has been discussed by others, so that it is enough to say that, unless it be voluntary socialism and include all the people voluntarily, it would degenerate into a tyranny, such as is described by Bellamy, where those who objected to its decrees, or were incapable of systematic work, were to be put into lunatic asylums or banished to waste lands.

SINGLE TAX.—There remains the restoration of the land to the laborer. The simplest and natural way of doing this is by the taxation of land values. Single tax means one tax, to be levied on the value of land independent of improvements. In other words, the public appropriation of ground rent for all the needs of government, and the abolition of all other taxes.

This natural taxation will at once make the land accessible to all on equal terms, eliminate every form of monopoly, and restore equal rights to all without destroying private enterprise.

Land titles will remain and land be bought and sold under the single tax régime just as at present. Each will be his own judge of the amount of land he shall hold. He will pay into the public treasury, in the form of a tax, the full ground rental, whether he holds his land idle, or puts it to its best use. This will make it to every man's interest not to grab more land than he can profitably use. There will then be land enough available for whoever wants it. The owners of valuable land will then find it to their

interest either to put it to use themselves, or let it go to those who will use it. Millions and millions of acres, at our very doors, will then be available for any one to use, and acquire. And we may then again extend a welcome to the oppressed of other shores without fear of their cutting down our wages by their competition.

Any one can get for fifteen cents *The Land Question*, by Henry George, or *Shortest Road to the Single Tax*, for ten cents, so I will speak only of the object and the effort of land restoration in relation to wages.

Wages are drawn by labor from the land. Everything we wear or use is drawn from the land. This paper and the ink and the press it was printed on come from the wood and the carbon and the iron in the land. Mr. Morgan, Mr. Carnegie, Mr. Hanna, and Mr. Rockefeller do not "give us work." They did not come into the world with a supply of work. All that they do is to get out of the way to some extent and let men get at the land to work. At the most they help to organize men, or to pay some to organize the rest, the better to work. But the monopolies that they sustain, and that sustain them, keep men from work.

ABOLITION OF MONOPOLIES.—Monopolies are mainly of four kinds. Patent, tariff, money, and land monopolies. These enable a few persons to take the product of the work of others and to shut off from men the opportunities to employ themselves and one another to employ capital. This intensifies [illegible], healthy competition,

and enables the monopolies, as Karl Marx shows in the last chapters of *Das Kapital*, to "exploit labor," to exact from the producer the great bulk of what he makes. They force men to bid against one another for a chance to work.

Now, we single taxers propose to sweep away all these monopolies by simply repealing, one by one, the laws which create monopolies. We would repeal such patent laws as enable some to keep inventions unused or partly used. We would repeal the tariff laws which prevent men from getting for as little as possible what they want, and we would supply the deficit by means of increased taxes upon the site value of land. We would destroy the restrictive financial laws, the special privilege of free coinage to the holders of gold, the monopoly of issue of currency conferred on national banks by the ten-per-cent. "State Bank tax" and by the issue of notes against bond deposits, and, lastly, by making it unprofitable to hold land idle or only partly used, we would open to all the boundless opportunities of employment offered by the land and all that it produces and contains. For there are wants enough to be supplied and there is land enough to supply them all. Our one State of Texas would hold all the people of the United States and leave all the other States vacant, and still Texas would be less "crowded" than Holland is.

All the objections that can be raised to this simple plan are answered in Louis F. Post's pamphlet, *The Single Tax*. We will not repeat them here. No one can be converted to the single tax by reading an

article. No one can convert you but yourself; but none of us can see truth unless we look; aye, look and study and think.

It is true that when monopoly is abolished what we call the "capitalist" will disappear, for all men will be capitalists. But we have seen that although at present the interests of labor are opposed to the apparent interests of the class that holds practically all the capital, this is not a natural condition. It is like the antagonism that exists between rats in a cage where sufficent food for all cannot be had.

We have seen that at present labor's interests are the same as those of capital—namely, to destroy monopoly. For monopoly is the enemy of both, because it keeps both out of employment and presses down the returns to both.

You are interested perhaps in the discussion of this struggle because the outcome of the struggle will mean plenty or want to you. But that is not the most important thing. It makes very little difference to the world whether you fatten or starve. But it makes every difference to the world whether or not you are able to do right in the world; whether it is really possible for men to love their brethren.

At present we live under conditions that compel every one of us, rich and poor, to trample upon our fellows in order to maintain our place. We are trying to take away his clients, his trade, his very place, or he is trying to take ours away. We wage the civil war of commerce that compels us to prey on one another. That is not the will of our common Father—that in order to do our duty and feed our

children we should take the bread out of other children's mouths. No, having given the earth to "bring forth abundantly to satisfy the desire of every living thing," He never meant that we should kill one another, shoot one another down, quarrelling over a wages' scale.

The right adjustment of this matter is in our own control. If we will do justice now, social justice now, we will be able for the first time to follow righteousness, and instead of striving merely to live, we will live in happy helpfulness of the world. But if we will not, our blood is upon our heads, and upon our children's heads, for "Whatsoever a man soweth, that shall he also reap."

SOCIALISM AND SINGLE TAX

FAIR PLAY[1]

BY ERNEST HOWARD CROSBY

CAPITAL and labor are at war. There can be no question about it. Pick up the morning's paper almost any day of the week and you find accounts of strikes and lockouts and trade disputes. "Let us have peace," all good people are crying, but there is no peace, and we do not seem to know how to secure it.

There are several kinds of peace. There is the peace that prevailed at Warsaw, a peace founded on massacre and outrage, and itself the foundation of despotism and oppression. That is not the kind of peace that we long for. There is a peace that means life and a peace that means death, and we want the former. It must be a peace growing out of an honest attempt to establish justice, and containing

[1] EDITOR'S NOTE.—This article has been included under the division Socialism and Single Tax as on the whole the most applicable, without making a division for it only. The original paper was written in the heat of the great steel strike, just at the time when the corporation ordered the removal of the McKeesport mills. In revising his paper for permanent publication, the author has retained the reference to that incident as an illustration generally applicable.

the germs of a continuous growth toward the ideal of absolute justice. We want nothing less than that.

UNEQUAL DISTRIBUTION OF PROFITS.—But first of all we must know what the war is about. If you had been alive one hundred and fifty years ago, and some prophet had told you that in the year 1901 one man could by means of machinery do the work of thirteen—striking an average for all trades and industries—what would you have said? Would you not have exclaimed: "Why then people will only have to work one thirteenth as much as they do now, and with two or three hours' work a day they will have all the luxuries imaginable." Well, it is a fact. To-day one man can do as much as thirteen could in 1750. The wealth of the world has increased enormously. In this country especially it is increasing by leaps and bounds, and yet no less an authority than John Stuart Mill said twenty years ago that it was doubtful if machinery had lightened the toil of a single workman. This is perhaps an exaggeration. A man who has employment now usually gets somewhat better pay and works somewhat shorter hours than he did a century and a half ago; his scale of living is somewhat higher—but the advance he has made bears no comparison whatever with the ratio of one to thirteen, nor to the immense increase in wealth of the community.

Where has this new machine-made wealth gone? Look around you and see. One per cent. of the families in this country own more than half of the wealth. There are several thousands of millionaires

in New York City alone. Forty years ago there were hardly a dozen in the country. There were no tramps in those days either, and very little talk of the unemployed. Now we have a steadily growing army of tramps, and they are beginning to write books about them, and the unemployed is always with us. When scarlet fever or diphtheria breaks out in a town there is always a good deal of consternation. Placards are put on houses, families are quarantined, and mothers worry over their children. A tramp, or a man seeking work in vain, is a symptom of a far worse disease than these, and ought to cause as much more of a fright. They are studying the malaria plasmodium on Staten Island and dissecting the anaphele mosquito that carries the contagion. They propose to exterminate this pest by applications of Standard Oil, but they have not yet tackled the Standard Oil disease itself.

The gist, then, of the complaint of the wage-earners—whether they know it or not—is that they do not receive a fair share of the wealth which they help to produce, and the glance which we have taken at the situation would seem to indicate that there is some justice in their complaint. I have seen the statement quoted from Mr. Carroll Wright, the national Commissioner of Labor, (whether accurately or not, I do not know,) that the average rate of wages per year paid in this country is $347, and the average product of each laborer is valued at $1888.

MACHINERY AND WORKMEN. — Besides this anomaly we must remember that there were about one million men who could not obtain employment

during the depression of 1882 to 1885, and a large number in 1893–94. If there were signs of steady improvement we might make light of these figures, but the general tendency (except for temporary reactions) is downward. Machinery is becoming more perfect every day, more and more men are thrown out of work in consequence; where human beings are still needed women and boys are supplanting the men, and when "hard times" come again there will undoubtedly be more unemployed than ever.

I visited a mill some time ago which exemplified the progress of industry in a striking way. In it they manufactured cheap socks for working men. There were four hundred machines, and each machine made a complete sock by itself in five minutes. It began at the ankle, making the sock of blue thread. At the heel it substituted white thread, and again at the toe. Then it cut the thread, laid the sock down, and commenced on another. There was nobody near the machine during the operation. In fact, when I came into the room, which contained one hundred similar machines, I saw no one at all.

Finally, in the distance I saw the head of a small boy, and then another. There were five boys in the room, and each watched twenty machines (a bright boy can watch twenty-five), and all they had to do was to oil and clean them, supply new thread when the great spools were exhausted, and report any break in the machinery. In this factory fifty boys (there were several shifts) turned out five thousand dozen pairs of socks a day, or as much as fifty thousand people could have done one hundred and fifty

years ago! Each boy did the work of one thousand people.

Now the peculiar thing about such factories is that they employ so few persons, and only boys and girls at that. In this mill the only men were in the packing department. If this tendency goes on, what shall we do with our men? A workman of forty is superannuated. In such factories as the above he is discharged at twenty or so. What shall we do with the men? We may have to hand them over to the street-cleaning department to be dumped out at sea off Coney Island.

In another century a few hundred boys may be able to do all the work of New York, and there will be nothing human left except small boys and stockholders. Meanwhile what shall we do with our five thousand dozen pairs of workmen's socks every day, with no workmen to wear them, or—what amounts to the same thing—with no money to buy them? Is it not clear that we are getting into an industrial hole? We must find a market for the products which our unemployed cannot buy, and that is the reason why we are bagging the Philippines and Cuba and Porto Rico, and any old island that comes along. If you explore the jungles of Luzon a year hence I have no doubt you will see half-naked savages gliding among the trees wearing blue socks with white toes and heels.

But the supply of the isles of the sea is not inexhaustible, and a good many manufacturing nations are "laying for" them. New markets will only postpone the evil day, and no one knows this better

than our great captains of finance, who by means of trust and combinations are attempting to ward off the crisis. This is a foolish policy. We had better recognize the fact that we are industrially ill and seek to find out the cause and the remedy. Is capitalism sick unto death? And if so, why? And what can cure it or take its place?

STATE SOCIALISM.—The state socialist has a ready answer. He says that these difficulties of overproduction and lack of employment are the natural results of competition, and that the only way out is for the peopie to take over the iand and all means of production and organize the industries of the country from Washington. This solution is called "scientific," and it seems very simple; but I must confess that the idea of it "gives me pause." There is a Teutonic love of government implied in the suggestion which seems to me unlikely to attract any large portion of the American people, and I do not anticipate the adoption of any such programme, unless the industrial chiefs of the country by their refusal to give up their privileges bring it upon us as a punishment for our sins.

If multi-millionaries and tramps, bribe-taking legislators and party bosses, the Stock Exchange and Tammany Hall are the natural result of ordinary business competition, the state socialists may be right and it may become necessary for the people to absorb and organize politically the productive energies of the land, although it is a task which might make a giant stagger; but I doubt their major premise. America is supposed to be a free country,

but we have not given freedom a fair trial in industrial matters, and until we do I shall not be satisfied that nature cannot cure evils for which monopoly of one kind or other is responsible.

MONOPOLIES.—A glance at the great fortunes built up during the past half-century will show the character of the monopolies which entered into the formation of them. In almost every case there is an artificial monopoly of some kind created by law. Take the two greatest fortunes in New York. Is it possible to limit the share which the protective tariff had in storing up those millions which are now overflowing into libraries, big and little—a tariff which enables the manufacturer to sell his products cheaper abroad than at home, a law deliberately passed by supposedly sane people to force themselves to pay more for a native article than foreigners have to pay for it? The other great fortune came from petroleum. An excellent history of its rise has been written by Henry D. Lloyd, in his book, *Wealth against Commonwealth*, published by the Harpers. This business was built up by the unscrupulous manipulation of railway freights so that competition became impossible. Its founders made contracts by which their oil was carried practically for nothing and their rivals were charged extravagant prices and cars were refused them when there were plenty to be had. Here, again, we have a fortune created by bad laws, for our laws authorized the building of these railways over land seized by the right of eminent domain of the State without assuring equal freights and privileges to all citizens.

Another kind of monopoly created by law is that of the gas, trolley, and other companies that use the streets. The number of such franchises possible in a given street is necessarily limited, and hence arises a natural monopoly, which can only be avoided by municipal ownership or by operation by private companies instituted like our colleges and universities, without stockholders and dividends. As it is, these companies levy what tribute they please almost without check, and some of the greatest accumulations of wealth are due to them. The Metropolitan Railway Company alone has at least $80,000,000 of watered stock—a gift from the people, and nothing else. "Water" is a pretty word, suggestive of purity and health; but the only water in watered stock is the sweat of other people's brows. You cannot get money without earning it unless some one else earns it without getting it.

There are also patent monopolies—as in the case of the Telephone Trust, whose life has been prolonged by some strange hocus pocus at Washington; and the internal revenue monopoly of the brewers, and the banking monopoly; but the only other one worth dwelling on here is the most fundamental of all—the land monopoly, including the natural resources of the earth, its coal and oil and iron and silver and gold. This monopoly enters into almost all great accumulations of wealth and represents a vast amount of unearned wealth. John Stuart Mill first called attention to the unearned increment—the increase in value of land due to the community and which goes into private pockets.

Henry George showed how, by his single tax, this loss could be saved to the people and equality of rights in land introduced. Land is a gift of nature, like light and air, and every man should have the same right to it as every other.

I hope that when Tesla gets into communication with Mars he will ask the inhabitants if nine tenths of them pay rent to the other tenth for the privilege of remaining on the surface of the planet.

A WARNING.—And now a friendly word to our great financiers and trust magnates.

If you do not want state socialism adopted by the people—disastrous to your plans if it succeeds and disastrous to everybody if it fails—you must loosen your hold on your unjust privileges. You must consent to drop the protective tariff; you must grant equal rates to all on the railway, as the post-office does; you must squeeze the water out of your stocks, and you must take up seriously the question of unearned increment in land, as they are beginning to do in England and some of her colonies. This is the only alternative open to you, unless you take the motto, "After us, the deluge."

But you are doing just the opposite of all this. You are insisting on increasing your privileges; you are bringing all your accumulations together into one; you are passing around the hat for preposterous ship subsidies and all sorts of new franchises, and you are becoming so powerful and using your power so arbitrarily that no self-respecting people will long submit to it.

We read to-day that the steel trust has ordered

the demolition of the great works on which the life of the city of McKeesport depends, because the mayor expressed his sympathy and that of the citizens with the strikers there. The Czar has no such power as this, and would not dare to use it if he had. Those whom the gods would destroy they first make mad.

FREEDOM OF OPPORTUNITIES.—It is clear that we have never really tried freedom. We have no free trade, no free land, and our highways are infested by corporate brigands who hold us up and make us pay dividends on watered stock when we wish to use them. Is it not likely that if freedom and equality prevailed in these respects, the labor market would automatically adjust itself and that the great benefits secured through machinery would distribute themselves among all classes of the community? If a man walks lame and has fetters on his arms and legs, which is the better way to try to cure him,—to construct a complicated wheeled chair for him, which may never work at all, and then haul him about with his fetters on, or to knock off his fetters? Common-sense says: "Knock off his fetters, and then if he turns out to be permanently lame it will be time enough to get a chair for him."

What would be likely to happen if we had free trade, free land, free banking, and equal opportunities for all, as we might easily have if our affairs were not managed by greed? The maldistribution of the profits of labor is effected in three ways—through rent, interest, and profit. The single tax would apply rent (that is, ground rent or economic

rent—the unearned increment of Mill) to the benefit of all. Free banking would tend to reduce interest to the actual cost of banking operation, and free trade would tend to reduce profits to the actual cost of commercial operations, and each kind of freedom would help each other kind. In this way the channels by which the just share of labor in its products escapes would be stopped up, and every man would get the product of his labor, whether it be manual or mental. No wage-earner that I have ever met objects to the payment in full of the value of management and superintendence. If a captain of industry's services are worth $50,000 a year, let him have it, but under just and free conditions it is not likely that any man's services would be worth so much. It is because of the war of unnatural competition produced by the artificial scarcity of opportunities for labor, springing in its turn from the monopolies of land, trade, etc., to which we have referred, that great generalship seems necessary in our industries. In a time of commercial peace and goodwill the task of superintendence would be simple—it would be simply to serve the public and not to get ahead of competitors.

Yes, it is the monopoly of opportunities that makes the war between capital and labor so acute. All the natural resources of the country—the land, the coal, the oil, the iron—are locked up in some strong box or other, and if the workman loses his job he sees nothing but starvation before him, and this often makes him desperate. With equal opportunities for all there would be nothing to be feared

in case of discharge, for the demand for labor would be steady and the workman would confer as much of a favor by accepting employment as the employer in offering it. Employer and employee would see that they were mutually necessary to each other, and they would esteem each other as friends. It is only when each party occupies such a point of equal vantage that the war between capital and labor will cease, for neither side will be able to oppress the other.

Meanwhile the war goes on. Capital and labor, which ought to be allies and friends, are at swords' points. How is the warfare to be conducted? It is hardly necessary to urge forbearance upon both sides, for the unreasonable pressing of an advantage on either side in the end does harm to that side. If the mills are moved from McKeesport it will be a serious blow to capital. If the strikers have recourse to violence, it will injure them most and influence public opinion against them. The public, in so far as it is a disinterested spectator, does not want tyranny of any kind, either from the trusts or the trade-unions, but just at present it is so much more in danger of a capitalistic oligarchy than from trade-union dictatorship that its interests are pretty clearly on the side of the under dog. Trade-unionism is a most valuable counterpoise to the despotism of monopoly. More than that, it is a great educational force among the wage-earners, and within its limits it inculcates comradeship and brotherhood. It is teaching the people voluntary co-operation of a kind, and perhaps some day it may

develop into a self-organizing democratic independent system of production, although it is not yet ripe for this. From every point of view it is to the interest of the public that trade-unionism should thrive and improve, and to this end it needs the support of public opinion and must earn it by its wisdom and forbearance.

The fundamental justice of the wage-earner's case —the importance of according him his just dues— is forcibly borne out by the religion which most of us profess. Christianity sprang from the Jewish church, and the Jewish church had its origin in a strike—the strike of the Hebrew brickmakers in Egypt—and Moses and Aaron were the first walking delegates on record. The longest of the Ten Commandments was a labor law, fixing a six-day working week in complete analogy with our eight-hour statutes. The law of Moses endeavored to secure to every citizen an equal right in the land. The prophets, many of them, were agitators for the rights of the poor, and in the New Testament we find working men—carpenters and fishermen—establishing Christianity on a basis of doing unto others as you would have them do to you. Every teacher of Christianity should be enlisted in the cause of labor and of industrial peace, and fortunately not a few of them are.

But our political faith as well as our religion sets up the standard of equal rights and equal opportunities. The Declaration of Independence is going out of fashion in our foreign dependencies, but we should at least keep it for home consumption. The equal right to life, liberty, and the pursuit of happi-

ness can hardly be said to exist in a land of slums and palaces, of child labor and unemployed and unexampled luxury. To accept the present divided condition of our society as a finality is to be untrue, not only to our Christianity, but to our democracy. Our political democracy is nothing but a mask behind which our industrial oligarchy hardly tries to hide itself. The real power has passed from our state-houses and city halls, and is now centred in the counting-room and chamber of commerce. Unless we can democratize these our constitutions have become useless trappings, and we may as well admit that they give us no more assurance of freedom than did their senates and consulships to the subjects of the Cæsars. And the first step toward the democratization of business is the abolition of the unjust privileges which it enjoys and a free and frank recognition of the ills which the wage-earner suffers in consequence.

But even to those who turn a deaf ear to the plea of religion and democracy we can appeal with equal force in the name of fair play. Every man worthy the name must respond to that appeal. You would not cheat at cards or sell out a horse race or refuse an equal chance to a rival in an athletic contest. Can you then consent to play the game of life with loaded dice or insist on every handicap that wealth and chance have given you? Is it fair to match your steam yacht against my leaky scow—your thoroughbred against my broken-down nag? A fair field and no favor, this is all that men need for the present, at any rate. The field is not fair and the favors are

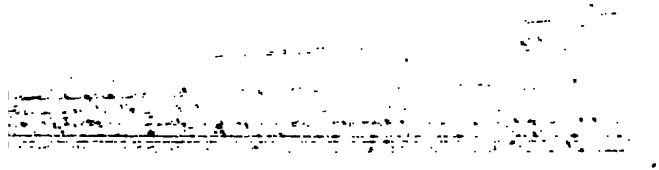
sold over the counter at Washington and Albany. Until there is a general willingness to accord fair play in the relations of life the war between capital and labor will continue. Its evils may be mitigated and its excesses limited, but it will still be waged. When fair play becomes the watchword of trust as well as of trade-union, then, at last, we may expect an enduring industrial peace.

PART VII

THE UNEMPLOYED

a. Is Permanent Work with Comfortable Living Wage Possible for All in this Country ?

b. How may Work and Workers be Brought Together ?



THE UNEMPLOYED

SYNOPSIS

WHEELER. Interdependence of employer and employed—Undeveloped resources — New Zealand methods — Inapplicable because of American individualism—Need of municipal collectivism—Individual and associated philanthropic effort—Small farm allotments—Increase of demand by wise industrial methods.

RIIS. Interests of employer and employed mutual—Permanent work possible—Failure to connect—Public employment undesirable—State labor bureau—Need of expanding its working—Make the country attractive—Educate men ; make them think ; make them self-dependent—Home—School—Play.

THE UNEMPLOYED

EDUCATION OF THE WORKER

BY EVERETT P. WHEELER

THE interests of employers and employed are mutual, because each has something that the other needs. Indeed, in a very true sense, every person engaged in active occupation is an employer. The man who buys a loaf of bread employs the farmer who raises the grain, the miller who grinds, and the baker who bakes it. The success of the harvest depends on the combined activity of the owner of the farm, the sower, and the reaper. Each is dependent on the other.

To come more closely to our subject and deal with manufacturing industries, it becomes, on reflection, plain that the success of the mill owner depends on the skill and diligence of the workmen. On the other hand, workmen will be well paid and get steady work only when the mills are well built, provided with the best machinery, and efficiently managed. It is not only in war that the blood of the soldier pays for the blunder of the general.

Booker Washington, in his very interesting book, *Up from Slavery*, points out how this mutuality of interest can be made effective:

"Few things help an individual more than to place responsibility upon him and let him know that you trust him. When I have read of labor troubles between employers and employed, I have often thought that many strikes and similar disturbances might be avoided if the employers would cultivate the habit of getting nearer to their employees, of consulting and advising with them and letting them feel that the interests of the two are the same."

And now to come to the question to which you have especially asked my attention.

Permanent work, with comfortable living wage, is, in my opinion, possible for all in this country. England, France, and Germany are tenfold more thickly settled than this country, and yet their people earn a comfortable living. Our resources are far from being developed. Even within a hundred miles of New York are thousands of acres of wild land. Manufacturing and agriculture have naturally seized upon the most attractive spots. But many more remain, and are equally capable of development. When benevolent people in great cities bemoan the burden of unskilled and unemployed workmen they are on the threshold of the question. To see the difficulty is always the first step to provide work for these people and bring them to it. But it is only the first step.

The next step will be to provide more intelligent and efficient organization for the purpose, which must aim at permanent results. In New Zealand the State undertakes this organization and manages it well. This it does by laying out its system of pub-

lic works in such a way that not only immediate necessities but future requirements are provided for. If New York City, for example, were managed on New Zealand principles, we should reclaim some of the marshes in the neighborhood of the city and fill them in with the thousands of tons of ashes that we now wastefully and stupidly dump into the sea. The land so reclaimed we should sell in small plots on easy terms to city workmen. How this is done in New Zealand may be read with more detail in Henry Lloyd's *Newest England.*

In this country the State is not ready to undertake such a task, and that for several reasons:

1. The American characteristic is individualism. This is written on every page of colonial history and is just as marked to-day. We are gradually learning that some things can be done better by collectivism. The water supply and the docks of cities are being taken out of private hands. The best canals in the country have been built by the United States Government. The subway in Boston, the electric underground railway in New York, belong to these cities. No railway has been better operated than the cable railway on the Brooklyn Bridge has been by the two cities now united into one. Thus we are gradually being prepared for further steps in the same direction. But before any advance the successful individual, conscious of his strength and skill, cries out against any further collective progress. Part of the evolution of the life of a nation is education by experience, and for this we must have patience. The successful energetic individual is also

a voter, and he, too, must be convinced by the experience of the nation.

2. This very individualism in its bad form is too often carried into public business. The official is not in it "for his health," to use his own slang, and often uses the power of his office to promote some individual interest. When this is done to promote party success it is often thought to be meritorious. Even there, however, it lowers the standard of official duty. But when for personal gain the public servant oppresses even malefactors, or extorts money for the lease or sale of public franchises, he commits the gravest of official crimes. Until this vicious system of favoritism, bribery, and blackmail is broken up, New York cannot hope to do more than it now does in the line of government activity. All who desire the latter should set themselves vigorously to work to overturn the former.[1]

3. Individual and associated philanthropic effort is doing much to bring work and workmen together. The Baron de Hirsch Fund, the small farm allotments under the auspices of Tuskegee and similar institutions in the South, the Salvation Army colonies, and, on a smaller scale, employment offices in the large cities, already confer mutual benefits on employers and employed. There is no patent device to accomplish this result. To achieve it on as large a scale as in New Zealand is quite within the reach of several men in the United States whose in-

[1] EDITOR'S NOTE.—Written during the Fusion campaign against Tammany Hall. In revising the paper for permanent publication the author has preferred to let the original reference stand.

dividual wealth is nearly, if not quite, as great as that of the whole population of New Zealand. In these undertakings it is essential not to overlook the fact that the welfare of the unskilled and comparatively inefficient workman is a matter of importance to the public. To train him, to encourage him, and to give him work which he can do is what Hampton and Tuskegee are doing for the Southern blacks. There is ample opportunity for similar work in our Northern cities, and in the country, too. Farmers' sons are beginning to learn that it pays to go to an agricultural school. Laborers' sons are finding that trade schools are the place for boys. In the end the most effective way to bring work and workmen together is to teach the workman. For a really skilled and industrious workman need never be long out of work, even under existing conditions.

There is in many breasts a lurking fear that it is possible to have too many skilled workmen, and that those who have skill promote their own interests by restricting their number. This overlooks the fact that the wants of man are limitless. The future welfare of the race, and therefore of the individuals who compose it, is to be promoted by the development of the individual. Every new home creates a demand for comforts that must be supplied by labor. Demand for labor is what increases wages. Permanent increase is dependent upon permanent demand. To make demand for labor permanent we must look to the supply of the wants of the many. When Henry H. Rogers took over the management of the vaseline patents he reduced the price to the lowest

point consistent with any profit. In that way he created a general demand, which is constantly increasing. He added inexpressibly to the comfort of the people, increased greatly their demand for his product, and did not diminish the gain of his company. Not all our rich men are as far-sighted as Mr. Rogers. But it is on our realizing the great truth which he acted upon, namely, that the real interests of producer and consumer are identical, that lasting progress must depend.

THE UNEMPLOYED

A Problem

BY JACOB A. RIIS

I WISH I could add something of value to your discussion. I know very little of economics. I sidetracked them purposely in order that I might do the simple thing that was mine to do, in the way I had in mind. Had *How the Other Half Lives* been written from the single-tax standpoint, for instance, —to me always an attractive one,—it would not have served the purpose I had for it. At least I don't think so. So I put it aside. Perhaps I was wrong; perhaps I was only lazy; the fact is that I cut myself off from thinking on those subjects so that the half that did n't know might get a view untinged by theories and a chance to think where it was needed.

I believe—indeed, I know—that the interests of employer and employed are mutual, because if they were not, if the brotherhood were a mere figment of my brain and heart, or of yours, our Christian faith would be a lie, our republic a vain dream; and I will not give up either. I know that "permanent work with a comfortable living wage is possible for all in this country," because if it were not, the country

must be already over-populated, and I know it is not. Yet no argument is needed to convince me that something has broken down. Out in the little suburb on Long Island where I live, well within the Greater New York, work goes often begging in my sight, while men and women starve for it in the tenement-house city. The trolley would take them to it for five cents. It excites no wonder but vast pity in me when I read that twenty thousand harvesters are needed in Kansas. Any day New York City could turn up forty thousand men without work. How to bring them and the work together?

Years ago, one spring, I wanted my house painted and could get no one to do it. It happened that while I was vainly looking for a man, my duties as a police reporter led me to a West Side tenement, where a house painter had that day killed himself because he could get no work and had no means of providing for his family. He was not a drunkard, he was just discouraged. The coincidence was startling enough, but I let it go at that time. The next spring exactly the same thing happened. Again the work went begging at Richmond Hill, and in the city, eight miles away, a painter gave up the useless struggle. I wrote the facts then, and pointed out their obvious lesson. Some means was needed of bringing the man and the work together.

I do not believe in public employment as a means of meeting unemployment. It is a form of charity which I believe to be vicious and bad—bad for the man and bad for the community; but there is no reason why the State might not help the man to

find the job that is looking for him. Rather, there is every reason why it should. This was the lesson I saw. We have established a State Labor Bureau since then, and it has done what it could. I have every reason to believe that it has done it as well as it could. But that it has met the emergency I suppose no one will pretend. Jobs still go begging on Long Island. Kansas clamors in vain. The city is full of the unemployed. Why is it? Partly, I fancy, because the scheme has never been carried out as it should have been. In my mind it included the closest, most constant and searching communication between all parts of the State, all communities in it, every trade-union, every headquarters of any kind where men in search of work meet, an organization so expansive and persistent as to attract irresistibly employers and employees alike; so all-pervading that every policeman would know and at once refer the inquirer to the place where he would find what he wanted, if it was there. That done, I would want the same thing repeated in every State.

Difficult job that, you say. True, but there is no question so difficult as this of unemployment; for, when all were done that I have spoken of, you would find it unanswered yet. I have gone more than once to men and women in the city and offered them the wages they would receive there, plus the fare to my town, but they would not come. It was so far, they said. I travelled the distance every day, twice. It was not that they would have had to get up earlier, or come home later, for my offer was that

they might travel in my time; but no, it made no difference. Of course, that is not true of all, but it is true of too many; it accounts for a much larger share of the trouble than we probably think. They will not leave the city, and since new hordes are ever pouring in, there must needs be a glut in the labor market. Of one hundred families, specially selected as fit and in need of the change, every inducement and help offered through the Baron de Hirsch Fund found, if I remember right, seven ready to go. It is an old and sad story enough; sad because it means the loss of resources, sacrificed to the slum; of manliness, of independence, identity almost. Only in its crowds are they happy. Its excitement, its brass bands, its rush and roar are their mental stimulants. They have forgotten to think: or they have unlearned it, and they cannot be happy in the "society of the stumps."

I speak of New York, but it is so all over. The train upon which I came up north from Toronto carried a huge "excursion" of young Canadians, who were going into the great and prosperous Northwest, where the harvest fields were waiting for them. They all had excursion tickets. There was no work for them where they came from, or they would not have taken the journey. Where they were going, it was waiting in abundance; yet they were coming back. Why? I asked several. The only intelligible answer I got was that there was no fun out there. No doubt that is one answer to the question how to bring the work and the worker together and keep them together.

"The country" must be robbed of its chief terror, its lonesomeness. In the term is included long hours, hard work, no fun. In the Jewish colonies in Southern Jersey I found the complaint of New England echoing: "The boys would not stay on the farm." But one that was full of boys was an exception. The boys not only stayed—they were buying land adjoining their father's and making it blossom like a garden. While I ate lunch in that house, I heard the sound of a piano. My host smiled his reply to my questioning look. Yes, he said; the children wanted it and he let them have it; let them take lessons, too, in winter at the next town, while the rest worked for a Philadelphia tailor to make it up between them. It paid. No doubt it did. That father was wise. More fun on the farm would help solve social questions not only here, but in the distant city as well.

And still the bulk of the question how to bring the work that is waiting and the workers that need it together would be unanswered. If you were to-morrow, by some means of which I cannot think, to send thirty thousand seekers for work out of the city where there is none for them, it would simply be a signal for thirty thousand others to stream in to be in their turn rendered helpless by life in the crowd. Why do they come? Why is our young guide, born and brought up in the backwoods, stalwart and straight as one of his native pines, at this moment telling the doctor, my chum in camp, by the fireplace, where I can hear him, of his plans to seek the city and his fortune this winter, and asking his ad-

vice? The doctor tells him to stay where he is well off, earning fifty dollars a month and found in the winter logging camps, and a guide's wages in summer. He knows, I know, Aleck knows, that he will not heed the advice. He will go, and may luck go with him. May I never find him on my list of the unemployed.

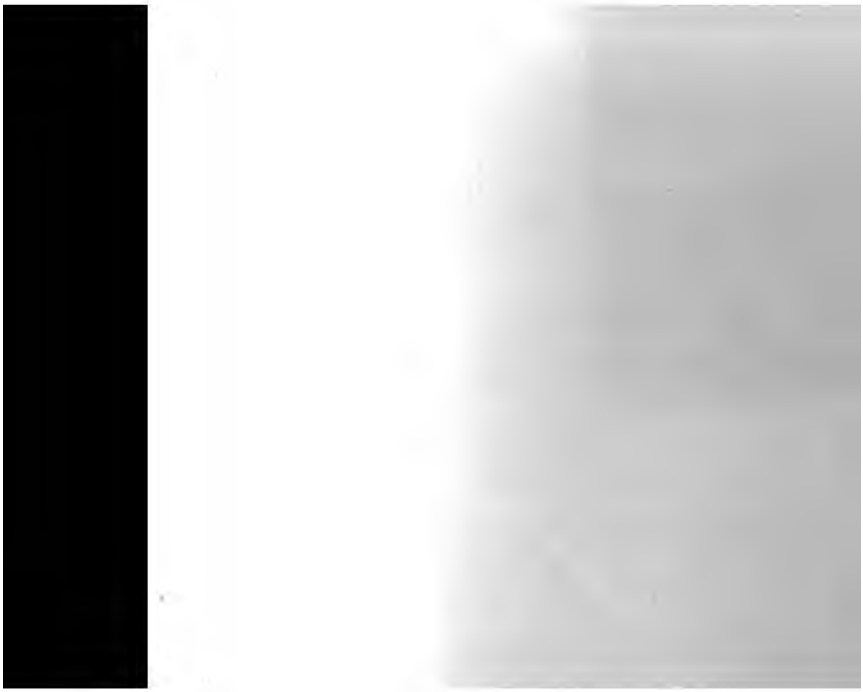
But why does he go? He goes, following a human impulse, seeking the crowd, taking his chances. And he will not take time to think.

How are the workers and the work to be brought together, with this unceasing rush apart? I tell you I don't know.

We can only patch and mend and hope that the day will come when men will take time to think—think themselves out of the slavery of the slum into the citizenship that shall justify our faith in the republic; that shall give them a grasp of the events with which our time is big, the great economic ad-

ought to learn, to think and to act when actions are wanted. I want his childhood to be unchallenged at its play, for so men are made who make their day and their time. And I want him to have his share of fun, too, decent, rational fun, no less than his country brother, for so men are made who balance well. I have lived to see the day dawn that allowed the boy his fun, though he has n't got it yet.

I expect to see the man come into his rights, too, before I die. Then, will there be fewer misfits than now? I hope so. If not, men will be more fit to take a hand in the general readjustment that will then be due.



APPENDIX

LETTER TO THE "EVENING POST"[1]

BY CHARLES FRANCIS ADAMS

AS is always the case when some pitched battle between consolidated capital and organized labor is plainly impending, much is now being written and said on the subject of arbitration—or "compulsory arbitration," whatever that may be—as a means of putting a stop to these conflicts, or at least of mitigating the injury and inconvenience they occasion.

As between the employer and the employed it is, of course, a matter of secondary consideration. Were no one else concerned, they might safely be left to face, as best they might, the results of a trial of endurance. Unfortunately, in these days of well-nigh unlimited consolidation on the one side and almost complete organization on the other, the gen-

[1] EDITOR'S NOTE.—This letter was reprinted in the *Journal*. It is referred to in Bishop Potter's letter, in the Introduction, and in some of the articles printed in this volume, and is accordingly reproduced here in order to render those references intelligible. The letter was written in August, 1901, in the height of the great steel strike.

eral public—the community at large—necessarily sustains prejudice. It is, also, defenceless, without apparent power to intervene for its own protection. As to what is known as "compulsory arbitration," no practical method of causing the award of any tribunal to be respected and obeyed has yet been devised, and it is difficult to see how one can be devised. It is obviously impossible by any provision of law or decree of equity to compel a man to carry on a business which he is not willing to carry on; and, on the other hand, it is equally impossible to force any employee to labor if he prefers to be idle. Even "government by injunction" will not go that length.

My object is to call attention at this juncture to the nearest approach to a practical solution of this problem which, so far as my observation goes, has yet been devised and put in use.

In the State of Massachusetts there is, and for thirty years has been, a Board of Railroad Commissioners. In the history of that board there is one important but now forgotten experience from which a highly suggestive lesson can be drawn. It occurred nearly twenty-five years ago, and, now that the United States Steel Trust and the Amalgamated Association are at issue, it might be well worth while to revive a recollection of that experience.

The Massachusetts Railroad Commission was organized in 1869 on the theory that, in adjusting matters of difference between the community and its railroad corporations, arbitrary power was, in the long run, less effective in producing results than

investigation and subsequent well-considered recommendations based thereon. In the event of differences between corporations and their employees, even when resulting in strikes and "tie-ups," the commissioners had no special powers. It was merely their duty in a general way to take official cognizance of the fact that the community was sustaining an injury or an inconvenience, and to investigate the cause thereof. Having so investigated, the board was empowered to locate the responsibility for such injury or inconvenience and make its recommendations accordingly. But those recommendations had a moral force merely. They could be addressed to the parties concerned and to public opinion only. Their effect, greater or less, was measured by the justice and good sense impressed upon them.

At 4 o'clock P. M. of February 12, 1877, all the locomotive engineers and firemen in the employ of the Boston & Maine Railroad Company stopped work in a body, abandoning their trains. The strike was not altogether unexpected, but, of necessity, the operation of the road was seriously interfered with.

The commissioners did not at first intervene, neither party calling upon them. Both were, indeed, unwilling so to do, being apprehensive, apparently, of some action adverse to their interests. When several days of interrupted traffic had elapsed, the board concluded that it was time to recognize the fact that the public was suffering inconvenience; for the Boston & Maine Railroad then was, as it now is, one of the principal arteries of eastern New England.

Both the directors of the company and the em
ees of the Brotherhood of Locomotive Eng
were accordingly notified that the board propo
take a hand in the matter, which it at onc
ceeded to do, notifying an investigation.

Both parties appeared—without confessing
in the wrong neither could well help so doing
professed willingness to submit their cases.
suggestion of a readiness to abide by a de
thereon was asked for or given. The board
proceeded to hear witnesses and to ascertai
facts. The inquiry was continued through
days, and on February 21st the report of the
was made public, appearing in full in all the pa
In it the board, after carefully and judiciously
ing the facts of the case, placed the responsi
for the trouble where the weight of evidence sh
it belonged, and made such recommendations
its judgment the occasion called for. The effec
immediate. An authentic record was before
community, and public opinion, crystallizi
once, made itself felt.

Into the history and merits of that part
struggle it is unnecessary to enter. The preser
ject is merely to call attention to what was
done, and done successfully, as constituting
nearest practical approach possible to what is
"compulsory" arbitration. A public board is
vided; that board takes cognizance of what i
torious; and when either the peace or busin
the community sustains prejudice, or is gr
jeopardized, it becomes its duty to intervene

cially. It then spreads the facts before the community and makes its recommendations. There it stops; for it can compel obedience on neither side. Setting forth the facts, its appeal is to an enlightened public opinion. So stimulated, public opinion rarely fails to make itself felt. It did so in the case referred to. The atmosphere cleared at once, and no further action was found necessary.

Were such machinery as this in existence, either national, or provided by the State of Pennsylvania —were the executive empowered *pro hac vice* to appoint such a board—it would seem more than probable that a practical solution of the difficulty now impending could easily be reached. The community has already sustained grave prejudice. By a continuance of the existing conditions, not only must private interests be sacrificed, but the public peace will be endangered. It is not probable that either party would call upon such a board to intervene. Both would look at it askance.

It would rest in its discretion, or that of the executive, to decide whether the case was one which justified a public initiative. Should it be decided that the circumstances did call for it, the board would give notice to all concerned that, at the proper time and place, it proposed to enter upon an investigation. If both, or either, of the parties saw fit then to appear and submit the facts, those facts would become public property. Did one party appear, the other would absent itself at its peril. Should neither party appear, producing authentic documents and putting in a case, the board would

proceed to enlighten itself though all other acce
means. If unable to summon witnesses or e
the production of documents, it would still
open many secondary channels of information
all such it would have recourse. Having do
it would make its report, putting the responsi
where the facts accessible showed it belonged
recommending such practical solution of the tr
as might commend itself to the judgment of a
prejudiced tribunal.

The report so made would carry with the
and the parties concerned exactly that degr
weight its judicial character and reasoning migh
part to it. It could not be enforced by any go
mental process. There is no sheriff behind it.
if well reasoned and fair, it would represen
moral weight of an aroused and advised
opinion. This is, for every practical end, "
pulsory" arbitration.

Did some such machinery exist, and could
an investigation be made, there is reason to b
that a timely report now submitted would, i
present case, afford to one or both parties conc
an opportunity to withdraw creditably from
position, both false and perilous. Were the
undisputed or clearly proven and the recomm
tions made thereon judicious and reasonabl
would at least remove from the path the impedi
of false pride—that fatal stumbling-block in the
of nine strikes out of ten. An opportunity g
fully to recede would be offered. This done, sh
either party persist, the responsibility for obst

persistence would be placed. Experience shows that public opinion could then be relied on to enforce process. It was so in Massachusetts in the case of the strike of 1877. The result on that occasion was all that could be desired. There seems no sufficient reason to doubt that, if it were possible to have recourse to the same procedure now, a like practical result would ensue.

Great public inconvenience and private loss might thus be averted. But, in case they were not averted, and the struggle went on, no additional harm would have been done. Merely investigation and public opinion would have been brought into play, in this case fruitlessly. That, surely, prejudices nothing and no one.

Recognition of the Trade-Unions[1]

BY JOHN MITCHELL

As a consequence of the recent and present industrial disturbances, the question of the recognition of the trade-unions by the employers of labor is being much discussed; and, judging by the varied sentiments expressed, it is evident that there is a great diversity of opinion upon this important subject. It is also apparent that a vast number of otherwise well-informed persons do not understand the purpose which prompts the officers and members of the trade-unions to insist so strenuously upon their organizations receiving official recognition. And if one were to accept without investigation the statements of many of those opposed to the recognition of the union, he would be led to believe that there were no vital principles involved in the issue, and that the unions were not actuated by high ideals or lofty motives in making this demand; in fact, it is frequently asserted through the columns of the public press and by men prominent in various walks of life that the demand for the recognition of the union is the result of a desire on the part of what they term

[1] Editor's Note.—From *Independent* of August 15, 1901, by permission.

demagogic and irresponsible labor leaders to impress their own personalities upon the public mind and attract attention to themselves regardless of the interests of the great mass of the people who are compelled to work from day to day for their livelihood.

There is another class, principally large employers of labor, who assume that a contract made with a labor organization is impractical and valueless because they say that labor organizations are not incorporated; that they have no legal existence, and consequently a contract fixing the wages and regulating the conditions of employment of their employees, made with a labor organization, would not be observed; or, in other words, the workers would be under no obligation whatever to carry out either the letter or the spirit of the contract, because the labor organization with which the contract was made could neither sue nor be sued.

There are also employers who justify their refusal to recognize the union upon the specious ground that they are opposed to the interference of persons who are not directly in their employment—that is to say, they object to the intervention of the officials of the labor organizations, who, as a rule, are not employed in the mills, the mines, or the factories; but, on the contrary, devote their entire time and attention to their duties as officials of the organizations they represent. My observation has been that where an employer has refused to recognize the union for any of the reasons enumerated, he is invariably opposed to the union itself. It

must be apparent to every fair-minded man that a labor organization, like any and every other institution, must have trained men, specialists, indeed, to direct its affairs; and in these days of industrial concentration the organizations require and employ as officers the most skilled and the best-informed persons they can find in their respective trades; and particularly is it essential that the unions be represented by men of wide experience and honest motives; men who are fearless in the prosecution of their duties; men who will insist upon labor receiving that portion of the profits of industry which properly belongs to it; but who, at the same time, will recognize the right of the employers to receive that portion of the profits to which their investments entitle them.

That none of the reasons assigned by those who oppose recognition of the union are valid can, I think, be demonstrated beyond the possibility of reasonable doubt. While it is true that a large majority of the trade-unions are not incorporated; that they have no legal existence; that they can neither sue nor be sued; I do contend that the contracts made between them and the employers of labor have been and would be observed as sacredly and their provisions carried out as religiously as though it were a penal offence to violate them; and I am sure that experience has demonstrated that in those trades and industries where the employees are best organized and where the trade-union is recognized and contracted with, strikes and labor disturbances have been least numerous. To illus-

trate this point I would call attention to the situation in the bituminous and anthracite coal fields of the United States, for the purpose of contrasting conditions in fields where the union is recognized and where it is ignored. There are four hundred thousand men and boys employed in the coal-mining industry of this country; of the two hundred and fifty thousand working in the bituminous fields nearly all are members of the United Mine Workers of America, a national trade organization. The union is recognized by the mine owners, and once each year representatives of the miners' union and representatives of the mine owners meet in joint interstate convention, and enter into an agreement stipulating the wages and fixing the conditions of employment which shall obtain during the life of the contract, or for a period of one year. The contract is signed by the officers of the Miners' National Union; and while its provisions cannot be enforced by any court, while there is nothing but the honor and good faith of the parties to it to make it operative and binding, yet in the three and one half years in which these contracts have been in existence there is not a single instance in which a violation of contract can be cited, either on the part of the mine owners or of the mine workers. On the other hand, take the anthracite coal fields, in which one hundred and fifty thousand men and boys are employed, who are also members of the United Mine Workers of America. In this important branch of the coal industry specific contracts are not entered into between the mine workers and the mine owners;

and the organization of which all these men and boys are members is not recognized by the employers. The conditions there are the exact reverse of those prevailing in the bituminous coal fields; strikes are of frequent occurrence, and neither the miners, the mine owners, nor the public have any guaranty that the coal supply of all the Eastern States may not be cut off at almost any moment; and in this district the miners constantly complain that they are being treated unjustly by the mine owners; that wages are reduced without warning and without giving the workers an opportunity to discuss the equity of the action or the necessity for it; and the mine owners as often complain that their mines are closed by strikes inaugurated by the mine workers without cause or justification. Whereas if the mine owners and the representatives of the Miñers' National Union should meet in conference and fix specifically the amount of wages to be paid and the conditions of employment which should obtain—as is done in the bituminous coal fields—there would be a positive assurance that work would continue uninterruptedly during the life of the contract. And what is true of the mining industry applies with equal force to every other industry of the United States.

It goes without saying that every strike and every lockout affects seriously others than those directly engaged in the strike or lockout. Great public interests are involved, and it is certainly a matter of no small concern to the public that some method be adopted through which strikes and lockouts may be entirely avoided, or at least reduced to the minimum.

Experience has demonstrated that the most practical plan which the ingenuity of man has been able, up to this time, to devise is for employers to recognize the union; meet its representatives in conference; enter into trade agreements which define in detail the conditions of employment which shall obtain during the life of such agreements. The constitution and laws of nearly every labor organization make it an offence punishable by expulsion for any member to violate a trade agreement or even by subterfuge to evade any of its provisions. The officers of the trade organizations of the present day recognize the great responsibility resting upon them, and they are few indeed who dare, even if they were so inclined, ruthlessly to disregard the sacred obligations of a contract. I know of many instances where contracts which were in conflict with the constitution and laws of trade-unions have been entered into with employers, and yet the officers and members of the trade organizations have insisted that the contracts superseded the constitution and laws and took precedence of them; in fact, I recall several specific cases where the members of a local union connected with a national organization went on strike for the purpose of enforcing a higher rate of wages than was provided for in the contract made between the national organization and an employers' association, in which the officers of the national union promptly filled the places of the strikers with other men in order that the union could not be charged with or convicted of breach of faith.

As the unions have grown in numerical strength,

as their power and responsibility have increased, they have become correspondingly conservative in their administration. The labor unions are here; they are here to stay; they are a power which must be reckoned with; they were not formed from sentimental ideas; they do not advocate Utopian theories or impractical policies; they have not grown to their present vast magnitude without good cause. The time has passed when wages and conditions of employment can be fixed satisfactorily at the door of the factory or at the mouth of the mine; the workers insist—and justly, too—that their wages shall be agreed to in conference halls where reason and logic, conservatism and equity shall be the controlling influences; they insist upon being represented in these conferences by men qualified by education and experience to defend their interests in as able a manner as the interests of capital are defended and protected by its representatives.

The assumption of some employers of labor that because they own a mine, a mill, a railroad, or a factory they have the absolute right to do with their property as they choose, regardless of the effect of their action upon the welfare of the men and women they employ, or upon the public interests, is so superficial as scarcely to deserve notice. Any quasi-public institution, be it mine, mill, railroad, or factory, which is chartered by the State and consequently responsible to the people, is certainly not invested with absolute authority to injure the welfare of society by throwing its employees into idleness simply because they demand the right to

bargain collectively as to the wages and conditions which shall govern their employment; and it is a certainty that there will be no industrial peace until this right is conceded by the employers of labor. I have never known an instance where the representatives of capital and labor have failed to agree when the two sat down together, put their feet under the table, and told one another the absolute truth. I am confident that every great strike which has taken place in our country could have been avoided if each side had been reasonable and honest with the other. It is not only positively absurd but also unwise for employers of labor to stand upon their own preconceived ideas of their individual rights and declare to the world that they would rather close their mills, their factories, or their mines than recognize the trade-unions or discuss the wages they shall pay the labor they employ. There would be as much logic and as much reason in the position were the employees to refuse to treat with the managers, the superintendents, or the counsel employed by the stockholders of any corporation. If the employers are honest in their public declarations that they desire to treat labor fairly they should have no fear of recognizing the trade-union.

From the Address of Samuel Gompers before the Arbitration Conference, held at Chicago, Ill., December 17, 1900, under the Auspices of the National Civic Federation[1]

IN common with the general trend of organized labor to prevent strikes and lockouts whenever and wherever possible, a sentiment for arbitration has been awakened among the people of our country. There are some, however, who, playing upon the credulity of the uninformed, seek to divert the principle of arbitration into a coercive policy of so-called compulsory arbitration—in other words, the creation by States, or by the nation, of boards or courts, with power to hear and determine each case in dispute between the workers and their employers, to make awards, and, if necessary, to invoke the power of the Government to enforce the awards. Observers have for years noted that those inclined to this policy have devised many schemes to deny the workers the right to quit their employments, and the scheme of so-called compulsory arbitration is the latest design of the well intentioned but uninformed, as well as the faddists and schemers.

[1] Published by the American Federation of Labor. Reprinted by permission.

Our movement seeks, and has to a certain extent secured, a diminution in the number of strikes, particularly among the best organized. In fact, the number and extent of strikes can be accurately gauged by the power, extent, and financial resources of an organization in any trade or calling. The number of strikes rises with lack of or weakness in organization, and diminishes with the extent and power of the trade-union movement. Through more compact and better-equipped trade-unions have come joint agreements and conciliations between the workmen and associated employers, and only when conciliation has failed has it been necessary to resort to arbitration, and then the only successful arbitration was arbitration voluntarily entered into, resulting in awards voluntarily obeyed.

Organized labor cannot by attempted secrecy evade the provisions of an award reached by compulsory arbitration and determine upon a strike. By reason of our large numbers every act would be an open and public act known to all; while, on the other hand, an employer, or an association of employers, could easily evade the provisions of such a law or award by the modern process of enforcing a lockout; that is, to undertake a "reorganization" of their employees.

It is submitted that the very terms "arbitration" and "compulsory" stand in direct opposition to each other. Arbitration implies the voluntary action of two parties of diverse interests submitting to disinterested parties the question in dispute, or likely to come in dispute.

Compulsion, by any process, and particularly by the powers of government, is repugnant to the principle as well as to the policy of arbitration. If organized labor should fail to appreciate the danger involved in the proposed schemes of so-called compulsory arbitration, and consent to the enactment of a law providing for its enforcement, there would be introduced the denial of the right of the workers to strike in defence of their interests and the enforcement by the Government of specific and personal service and labor. In other words, under a law based upon compulsory arbitration, if an award were made against labor, no matter how unfair or how unjust, and brought about by any means, no matter how questionable, we would be compelled to work or to suffer the stated penalty, which might be either mulcting in damages or going to jail, not one scintilla of distinction, not one jot removed from slavery.

It is strange how much men desire to compel other men to do by law. What we aim to achieve is freedom through organization.

Arbitration is only possible when voluntary. It never can be successfully carried out unless the parties to a dispute or controversy are equals, or nearly equals, in power to protect or defend themselves, or to inflict injury upon the other party. The more thoroughly the workers are organized in their local and national unions, and federated by common bond, policy, and polity, the better shall we be able to avert strikes and lockouts, to secure conciliation, and, if necessary, arbitration, but it must be voluntary arbitration or there shall be no arbitration at all

—voluntary in obedience to the award as well as voluntarily entered into.

It is our aim to avoid strikes, but I trust that the day will never come when the workers of our country will have so far lost their manhood and independence as to surrender their right to strike or refuse to strike. We seek to prevent strikes, but we realize that the best means by which they can be averted is to be the better prepared for them. We endeavor to prevent strikes, but there are some conditions far worse than strikes, and among them is a demoralized, degraded, and debased manhood. Lest our attitude be misconstrued, we emphatically, and without ambiguity, declare our position. The right to quit work at any time, and for any reason sufficient to the workman himself, is the concrete expression of individual liberty. Liberty has been defined as the right to freely move from place to place. Hence any curtailment of this right, by and through law, or by and through contract enforced by law, is, in fact, a negation of liberty and a return to serfdom.

The industrial conciliation and arbitration law of New Zealand, the law creating and governing the Indiana Labor Commission and Arbitration Board, copied from the laws of 1897 and issued by the Indiana Commissioners, and the arbitration law of Illinois, as well as an act concerning carriers engaged in interstate commerce and other employees, approved June 1, 1898, along with other information from this and European countries, show that the kernel of all this species of legislation is a desire to prevent strikes by punishing the strikers.

Dealing with this matter more specifically
that the New Zealand law provides for a
Conciliation, with power to use their best e
bringing the contending parties together
causing them to make some agreement. T
ing, it goes, upon the demand of one of the
ing parties, before the Industrial Court, wi
the power, as any other court, to hear an
mine, and the award or sentence is enforce
State in the usual way, by fine or impris
or both, *the only distinction being that the*
jury is dispensed with and an appeal denie
only relieving feature about this law is th
viduals cannot claim its protection. Men m
untarily enter into a labor union or an associ
order to come under its provisions. The in
courts of France are, as I understand it, or
much in the same way. The bill to prevent
which was introduced in the German Reich
the instance of the Government had the sa
derlying motive, and practically the same
attaining this purpose. In the law adopted
Hungarian Diet, we again meet the same p
to prevent strikes by punishing the strikers
question of extending the master and serva
of Sweden to the industrial workers of that c
was under discussion in the Swedish Ricksda
was for some time fiercely combated by the
of liberty of that country, but it was finally ad
and the other day a strike on the street c
Stockholm was suppressed by sending several
strikers to prison for long terms.

Coming now to our own country, we find that a bill was introduced in Congress which would admit of every train being made a mail train, and which, under the postal laws, would have subjected the strikers in railroad transportation to imprisonment for delaying the mails. Through the efforts of the railroad brotherhoods and the American Federation of Labor the bill failed. Then followed the introduction of the Olney Arbitration Bill, which provided for arbitration, voluntary in submission, or in its initiatory stages, but with compulsory obedience to the award; that is, the award was to be enforced by a direct penalty for the individual violating the same. The Indiana law has the following provisions:

"An agreement to enter into arbitration under this act, shall be in writing, and shall state the issue to be submitted and decided, and shall have the effect of an agreement by the parties to abide by and perform the award."

And Section 10, page 133, reads as follows:

"The clerk of the Circuit Court shall record the papers delivered to him as directed in the last preceding section, in the order book of the Circuit Court. Any person who was a party to the arbitration proceedings may present to the Circuit Court of the county in which the hearing was had, or the judge thereof, in vacation, a verified petition referring to the proceedings and the record of them in the order book and showing that said award has not been complied with, stating by whom and in what respect it has been disobeyed. And, thereupon, the court, or judge thereof, in vacation, shall grant a rule against

the party or parties so charged, to show cause wi
days why said award has not been obeyed, wh
be served by the sheriff as other process. Upo
made to the rule, the judge, or court, if in sessi
hear and determine the questions presented, a
such order or orders direct to the parties befor
personam, as shall give just effect to the award
bedience by any party to such proceedings of a
so made, *shall be deemed a contempt of court an*
punished accordingly. But such punishment shall
tend to imprisonment except in case of wilful a
tumacious disobedience. In all proceedings un
section the award shall be regarded as presu
binding upon the employer and all employees w
parties to the controversy submitted to arbitratio
presumption shall be overcome only by proof of
from the submission delivered to the arbitrators
of them, in writing before the commencement
hearing."

It will be observed that this may be called
tary arbitration, because it is voluntarily e
into. The parties agree from the very beg
that if they, for some reason sufficient to
selves, should decline to abide by and perfo
award, they are willing that the judge alone
out any jury and without any limit as to tim
send them to prison until they shall consent
form the labor which the award enjoins upon
The thought underlying this law is that the
vidual man may alienate his right to liberty,
is, therefore, destructive of the fundamental
ple of the Republic of the United States.

equally dangerous with the New Zealand law, the Hungarian statute, or the proposed law of Germany, because it aims at tying the worker to the mine, the factory, or the means of transportation upon which he works, in the same way in which the agricultural worker, during the feudal era, was tied to the soil. I am not singling out the Indiana law as different from all the rest or worse than the rest. I quote it simply because it is before us. Paragraph five of the Illinois law reads as follows:

"In the event of a failure to abide by the decision of said board in any case in which both employer and employees shall have joined in the application, any person or persons aggrieved thereby may file with the clerk of the Circuit Court or the County Court of the county in which the offending party resides, or in the case of an employer in the county in which the place of employment is located, a duly authenticated copy of such decision, accompanied by a verified petition reciting the fact that such decision has not been complied with, and stating by whom and in what respect it has been disregarded. Thereupon the Circuit Court or the County Court, as the case may be, or the judge thereof, if in vacation, shall grant a rule against the party or parties so charged, to show cause within ten days why such decision has not been complied with, which shall be served by the sheriff as other process. Upon return made to the rule, the court or the judge thereof, if in vacation, shall hear and determine the questions presented, and to secure a compliance with such decision, may punish the offending party or parties for contempt, but such punishment shall in no case extend to imprisonment."

The difference between this section and the one quoted from the law of Indiana, aside from the final proviso, the value of which is doubtful, is in phraseology only; any further comment is, therefore, unnecessary.

The Manufacturers' Association of the South, meeting during the last year, decided to submit to the legislature of each of the Southern States a law providing for term contracts, the violation of which would be *punished as a felony*, and they did this with the specific purpose of preventing strikes and of inviting Northern capital. When their attention was called to the fact that they were as yet not "bothered" by labor organizations, they answered: "That 's true, and that 's just the reason why we decided to take steps to prevent the formation of any and to stop strikes in the most effective manner."

All these schemes are reactionary in their character. They mean simply that the employers of today find themselves in a somewhat similar position to the employers of England after the "Black Death." The King issued a proclamation at that time that any one who would refuse to continue to work for the wages usually paid in a specified year of the King's reign would by the State be compelled to labor at such wages, regardless of any wishes that he or she might have. The English Parliament later enacted this into a statute known as the "Statute of Laborers," and re-enacted it periodically with ever-increasing penalties, until Henry VIII., finding himself in need of funds, confiscated the Guild funds, and by impoverishing the organizations of

labor at that time succeeded in enforcing the Statute of Laborers from that time on.

That law was every bit as fair upon its face as the laws of New Zealand, Indiana, Illinois, or any other of those laws with which I have any acquaintance, because it provided that the judges sitting in quarter sessions should hear both sides and then determine upon a "fair wage" for the year. Readers of *Six Centuries of Work and Wages*, by Thorold Rogers, professor at the University of Oxford, will know the results to the English working people. Their daily hours of labor were increased, their wages reduced, until it was necessary to enact the "poor Laws," and to quarter the worker upon the occupier, because he was continually being robbed by the employer. It has been stated by others that this law reduced the stature of the British workers by about two inches, and that the poverty—the real, dire poverty—to be found in the back alleys of English cities, even to this day, is largely caused by that species of legislation.

The thirteenth amendment to the Constitution of the United States, forbidding slavery or involuntary servitude, may perhaps be quoted to show that in our country no one can be compelled to work against his or her will, and that, therefore, there is no serious danger to individual liberty in the so-called "voluntary arbitration laws."

INDEX

A

Adams, Chas. Francis, xii.; arbitrator, xxviii.; on corporations, 386; letter of, 433
Arbitration, xxiii., 44, 77; court of, 106; casual expedient, 124; value of, 138; plea for, 142, 144; definition of, 146; in New York, 165; economy, 171; success of, 186; favored by railway conductors, 243; by coal miners, 246; board of, 260, 261; trade board, 264; principles of, 268; nationalization of, 272; in Massachusetts, 276; plans of, 281; principles of, 290; success and failure, 291; obstacles, 299; law, 303, 345; enforcement of, 436; conditions of, 450; *see also* Compulsory arbitration
Atkinson, Edward, xxxv.

B

Bliss, W. D. P., paper by, 378
Blondel, *L'action*, 163
Board of conciliation, xxxv., 223, 262, 285, 452
Boot and Shoe Workers' Union, 275
Bournville Village Trust, 314
Building trades, experience in, 259; plan for, 263

C

Cadbury, 314
CAIL, xxv., xxvi.
Chase, John C., paper by, 374
Child labor, 67, 182, 184, 403, 413
Church, arbitrators, xxv.; resolutions of convention, xxvi.
Clark, Edward E., arbitrator, xxx.; paper by, 238
Clark, John B., paper by, 27
Coal miners, 245, 443
Collectivism, xxxii., 421
Compulsory arbitration, xxiv., 72, 106, 154; need of national court, 179; logical necessity, 185; court of, 192, 223; industrial courts, 200, 452 *ff.*; law of New Zealand, 221; results of, 227; objections to, 281, 295, 434, 448
Conciliation, courts of, 165; boards of, 223, 262, 285, 452
Co-operation, 333, 347, 354, 366; in distribution, 371, 375
Corporation legislation, 39 *ff.*, 45, 54, 99
Courts of arbitration and conciliation, *see* Compulsory arbitration, Conciliation
Crosby, Ernest Howard, paper by, 400

D

Davies, Henry, paper by, 3
Dill, James B., paper by, 32
Douglas, W. L., paper by, 275

E

Easley, Ralph M., xix., xxviii., xxix.

Education, 4, 278, 380; of the worker, 419
Eidlitz, Otto M., paper by, 259
Employees' associations, *see* Labor unions
Employers' associations, 228, 257, 260, 264, 270, 273; national, 282; defence fund, 283; 284, 287, 290, 293, 344, 443, 445, 449, 456
Employment bureau, 56, 422, 427

F

Farmers, opinions of, 252; schools for, 423; lonesomeness of life, 429
Fieldhouse, Walter, paper by, 179
Founders, experience of, 258
Fox, Martin, paper by, 287

G

Gibbons, Cardinal, paper by, xviii., 140
Giffin, Robert, xxxv.
Gilman, Nicholas P., paper by, 330
Gilraeth, 313
Going, Charles B., paper by, 168
Golden Rule, 274, 369
Gompers, Samuel, arbitrator, xxx.; paper by, 62; address of, 448
Government by injunction, *see* Injunction

H

Hadley, Pres., paper of, xviii.
Hall, Bolton, paper by, 388
Hanna, Marcus A., xxviii. *f.*
Hardie, J. Kier, paper by, 363
Hearst, W. R., letter to, xi.; symposium, xiv.
Hewitt, Abram S., views of, xxxiii.
Hirsch Fund, 422, 428
Hogan, Thomas J., paper by, 280
Holt, Geo. C., paper by, 95
Hoyt, H. W., paper by, 268

I

Illinois, State board, 247, 451; law of, 455
Incorporation of Unions, 107, 114, 124, 195, 278, 341, 441, 442; *see also* Labor unions
Indiana, laws of, 451, 453
Individualism, xxxii., 4, 376, 421
Industrial, arbitration, 59; courts, 200; betterment, 321, 337; autocracy, 355; oligarchy, 413
Injunction, xxiii., 102, 108, 114, 193, 195, 214, 216, 304, 434
International longshoremen, 75
Ireland, land laws, 196, 206
Iron Moulders' Association, 273, 284; experience of, 287

J

Jones, Samuel M., paper by, 369

K

Keefe, Daniel J., arbitrator, xxx.; paper by, 75
Kilbourne, James, 312

L

Labor bureau, *see* Employment bureau
Labor legislation, 282, 451 *ff.*
Labor unions, xxii., xxxviii., 29; benefits of, 55; benefits to employers, 57; distrust of leaders, 59; strikes, 52, 118, 450; woman and child labor, 66; what they stand for, 68; re-

Labor unions—*Continued.*
sponsibility of, 75, 441 *f.*; living wage, 80; not controlled by law, 96; strike violence, 101; controlled by law, 105; incorporation, 107, 114, 124, 195, 278, 442; methods, 123; value of, 137; grievance committee, 147; compulsory arbitration, 158; object, 179; unskilled labor, 183; in Great Britain, 184; basis of arbitration, 223; use of arbitration, 227; powers of representatives, 262; agreement with employers, 264; foundation of, 273; growth, 287; opposition, to profit sharing, 340, 366, to incorporation, 341, to co-operation, 367; financial responsibility, 342, 344; value and limitations, 382; educational influence, 411; recognition of, 440; representatives of, 441; obligation of contracts, 445; power of, 446
Leavitt, John Brooks, paper by, 110
Leclaire, experience in, 340, 349
Legislation, corporation, 39 *ff.*, 45, 54, 99; labor, 282, 451 *ff.*
Leo XIII. on industrial conditions, 162
Lever, W. H. 319
Livesey, 326
Lloyd, Henry D., paper by, 185; history of Standard Oil, 406; *Newest England*, 421
Lockouts, 153, 214, 217, 256, 260, 271, 444, 449
Longshoremen, 75
Low, Mayor, arbitrator, xxv., xxvii., 167
Lusk, Hugh H., paper by, 221

M

Machinery, effect of, 16 *ff.*, 169, 401; and workmen, 402
Mallock, *Labor and Popular Welfare*, xii.
Massachusetts, Railroad Commissioners, 99, 434; conciliation and arbitration, 143; State Board, 275
McMackin, John, paper by, 160
Mediation, board of, 166
Mill, John Stuart, xxxvi., 381, 401, 407
Miners' National Union, 443
Mitchell, John, arbitrator, xxx.; paper by, 245, 440
Model industries, 125, 312, 314, 319, 325, 335, 338, 344, 353
Monopoly, xxii., 29, 30, 32, 42, 53, 295, 368, 396, 406, 410
Moral character, 17, 57, 70, 161

N

National Civic Federation, arbitration conference, xix. *f.*; industrial department, xxviii.
National Founders' Association, 270, 292
Nelson, N. O., paper by, 344
New Jersey corporation laws, 40
New York, corporation laws, 41; State Board, 166
New Zealand, 45, 154 *f.*, 205, 218; experience of, 221; arbitration law, 223, 451 *f.*; results, 227; principles of law, 231, 281, 297; public works, 420

P

Peters, Wm. R., paper by, xviii., 50
Pomeroy, Eltweed, paper by, 353
Port Sunlight, 319
Potter, H. C., letter, xi.; arbitrator, xxv., xxvii., xxix., 166; scheme of discussion, 44; paper by, 133
Procter & Gamble, 339
Profit sharing, xxx., xxxvii., 323, 334, 339, 346, 353, 366, 381

Prosperity sharing, 309, 334, 353
Public franchises, xxxi., 159, 167, 255, 277; and arbitration, 297, 303; municipalization, 367; profits from, 407
Public ownership, 367, 387, 422

R

Railway, Order of, Conductors, 238; favor arbitration, 243
Railway employees and arbitration, 299
Rate of wages, xxxv., 51, 55, 69, 83 *ff.*, 124, 193, 204, 287, 290, 402, 445
Reed, Warren A., paper by, 143
Reno, Conrad, paper by, 200
Reynolds, Jas. B., paper by, 55
Right of workman in plant, xvi., xviii., 17, 111, 124, 446
Riis, Jacob A., arbitrator, xxvii.; paper by, 425
Rochdale, 348
Rogers, Henry H., vaseline patents, 423
Rogers, Thorold, English poor law, 162; *Six Centuries of Work and Wages*, 457

S

Sargent, Frank P., arbitrator, xxx.; paper by, 299
Shaffer, Theodore J., xi., xxx.
Single tax, xxxi., 125, 388, 395, 408, 409
Socialism, xxxi., 9, 49, 121, 125, 363, 369, 374, 378, 395, 405
South Metropolitan Gas Co., 325
Stahl, John M., paper by, 252
Standard Oil, 52, 100, 402, 406
State boards, xxiv., 99, 148; arbitration by, 149; experience in New York, 166; jurisdiction, 180; Illinois, 247; Massachusetts, 275; uselessness, 281, 298; railroads, 434; province of, 436; objections to, 451
State Labor Bureau, 427
Stead, Wm. T., paper by, 323
Stock sharing, xxx., xxxvii., 324, 341, 346
Stokes, Anson P., paper by, 44
Stove makers', defence association, 256; experience, 280, 283, 288
Stove moulders, 256
Strikes, xxiii., 56, 62, 100, 142, 153, 165, 167; engineering trades, 174, 185, 193, 214, 256, 260; sympathetic, 263, 265, 271, 288; National Cash Register, 336; steel, 337, 364, 367, 394, 437; how to avoid, 420, 444, 449; locomotive engineers, 435; use of, 451; laws against, 452, 456
Strong, Josiah, paper by, 13

T

Taff Vale, 342
Tariff, xvi., xvii., 49, 53, 125, 181, 183, 396, 406, 408, 410
Tolman, Wm. H., paper by, 309
Trade agreements, 149, 345, 443, 445
Trade arbitration, 264
Trade conferences, xxv., 78, 177, 241, 246, 256, 260, 272, 285, 289, 443, 445, 447
Trade-unions, *see* Labor unions
Trusts, xxi., xxiii., 16; market rates, 27; purpose, 28; monopoly, 29; definition, 32; dangers, 35; politics, 36; speculation by officers, 36, 46; publicity, 37, 45; legislation, 39, 45, 52; not monopolies, 42; benefits, 50; not controlled by law, 96; fraudulent methods, 97; need of control, 99; controlled by law, 105; methods, 123; arbitration, 295; industrial betterment, 337; possibilities, 338; condemned, 363; good of, 371; step to socialism, 376; increase,

Trusts—*Continued.*
386; opposition to, 387; insolence of, 408; movement, 431

U

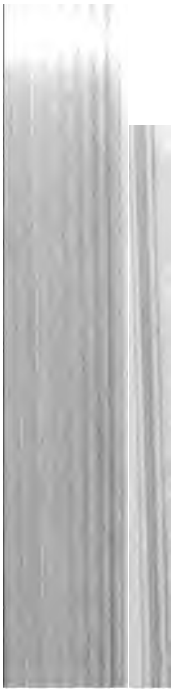
Umpire, 263, 268
Unemployed, 419, 425
United Mine Workers, 443

V

Vaughan, Cardinal, 162

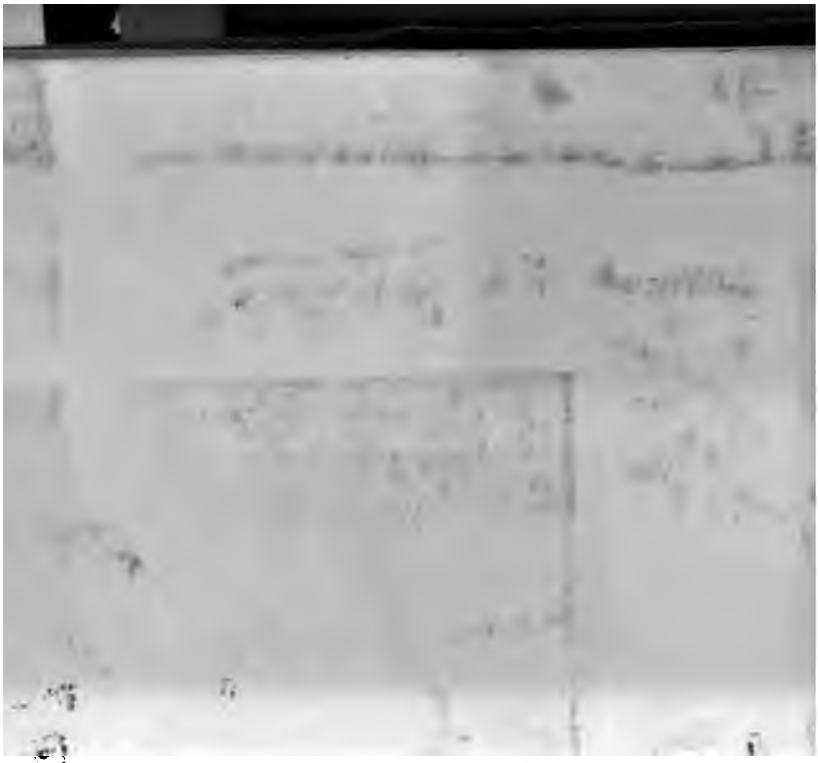
W

Wages, standard of, 193; living wage, 196; fair, 201; minimum, 213; industrial courts, 216; economizing in, 287; source of friction, 290; dividend on, 350; and organization, 382; methods of increasing, 390; and land, 396; average, 402; strikes for, 445; settlement of, 446; fixed by law, 456; *see also* Rate of wages
Walking delegates, 58, 261, 412, 441
Warner, John De Witt, paper by, 119
Washington, Booker T., 419
Wheeler, Everett P., paper by, 419
White, Henry, arbitrator, xxx.; paper by, 80
Wright, Carroll D., paper by, 153









3 2044 004 334 967

This book should be returned to the Library on or before the last date stamped below.

A fine of five cents a day is incurred by retaining it beyond the specified time.

Please return promptly.

DUE JAN 10 1916

DUE AUG 28 1922

CANCELLED

CHARGE

NOV 11 1980

CANCELLED

FEB 01 1999

WIDENER